IAB UK reveals ROI of social media for FMCG brands

Social media is generating three times the return on investment for some UK FMCG brands, according to a new study released by the Internet Advertising Bureau.

by Helen Leggatt

The study, which included top brands Twinings, Heinz and Kettle Chips, reveals the cost-effectiveness of social media involvement. For every £1 spent, a potential value of £3.34 can be generated.

"The IAB study validates what we've seen for Kettle and our other clients - social is an essential part of the marketing mix in making offline media investment work harder and in reaching people on emotional levels impossible in other media," commented Julian Grainger, Director of Media Strategy at Unique Digital, agency for Kettle Chips.

Social media's strength lies in its ability to positively shift attributes such as consumer sentiment, recommendation, propensity to trial new products and brand loyalty, found the research.

According to the research, conducted on behalf of the IAB's Social Media Council and carried out by Marketing Sciences, four out of five consumers said they would be "more inclined to buy a brand more often in the future" after seeing a brand's social media activity, while "83% of consumers exposed to social media would trial a brand's product".

All three of the brands studied saw a rise in consumer sentiment following the implementation of social media campaigns. Over a period of eight weeks, uplift was 22% (Heinz), 17% (Kettle) and 19% (Twinings).

Two key activities strengthened social media activity - frequent and relevant activity and a fan-centric strategy.

"Because fans don't just like, but love, the brands they choose to interact with, what people are often looking for is as simple as a lovely picture of the Heinz beans they love for breakfast, the Twinings tea they drink at elevenses, and a picture of the Kettle chips they snack on," said Kristin Brewe, the IAB's director of marketing and communications and chair of the Social Media Council.

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- # Digital Likely to Gain as P&G Focuses on ROI, Tempers Marketing Spend
- ## Lafley Talks Effectiveness in First Quarter After Return
- *By:*
- rss

- Procter & Gamble Co. will hike ad spending next year, but not as fast as the 1% to 2% sales growth it expects globally. This part of its plan to step up focus on effectiveness in part by holding all brands to minimum standards for marketing return on investment. All of which is likely to be good news for the digital space.
- The company beat expectations for top-line growth and earnings last quarter. But in the first quarterly earnings report since A.G. Lafley returned as Chairman-CEO, P&G is also tempering forecasts for market-share growth.
- While P&G is ahead of targets for cost savings and headcount reduction under its restructuring plan, it's planning to take more savings to the bottom line this year and less to marketing spending as it steps up efforts to restrain costs there.
- "We are holding all of the businesses to a minimum ROI," Mr. Lafley said on the company's earnings conference call. "We're pounding away on best media," he said, in part by focusing more on digital spending. He said the share of P&G marketing spending on digital in the U.S. is "up to 35%," ranging down to 25% on some brands.
- "We have some businesses and brands where digital is incredibly effective and we're doing more," he said. "We have other brands that are on the learning curve. We've got to get up the learning curve faster."
- Chief Financial Officer Jon Moeller said he expects advertising spending to lag sales growth by about 0.2 percentage points this year. The company declined to disclose reported advertising spending for the just-concluded fiscal year prior to release of its 10-K later this month, but spent $9.3 billion globally the prior year, and that's expected to have grown at least 1% in line with sales, which rose to $84.2 billion.
- Restraining ad spending below sales growth "does not mean less reach, less frequency," Mr. Moeller said. "It means more effective advertising, the right mix of media, and, importantly, reducing non-advertising costs that the consumers never see."
- Overall, P&G organic sales growth of 4% in the fiscal fourth quarter beat analyst expectations of closer to 3%, and core earnings per share (excluding restructuring costs) of 79 cents, while down from 82 cents a year ago, beat the company's forecast by 2 cents.
- But P&G is tempering expectations, calling for organic sales growth, excluding effects of acquisitions, divestitures and currency, of 3%-4%, about in line with the 3.5% growth it projects in its markets, and below prior targets of a point or two ahead of market growth under Chairman-CEO Bob McDonald, who stepped down in May. P&G had moved away from growth-above-markets target last year as Mr. McDonald worked on a turnaround plan, but P&G's forecast today indicated it doesn't see a return to aggressive share growth in the near future.
- "We continue to believe that the right organic sales growth target is one that is modestly above the rate of market growth," Mr. Moeller said.
- P&G's global market share of around 20% in March through May was "about in line" with a year ago, Mr. Moeller said, while it held or grew share in 70% of its U.S. business, the best performance in several quarters.
- While P&G beat expectations for the quarters, Mr. Lafley tempered Mr. McDonald's prior projections of a major step-up in innovation this year.
- "It takes time to work out of a tough patch," he said, adding later: "I think it's going to take a couple of years before we get everything in place where we're performing to our best potential." He called this "a transition year," following a "stepping-stone year" last year.

- After participating along with the management team in two-month a "deep dive" into P&G's issues, Mr. Lafley said the company will step up focus on such things as innovation, productivity and execution. P&G will focus on its core businesses, including the U.S., but isn't retreating from any countries entered under Mr. McDonald.

Secrets Of Successful Marketing Analytics Adoption

MarketShare, Contributor

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By Wes Nichols, Co-Founder & CEO, MarketShare | Twitter

When Duke University's Fuqua School of Business released its latest edition of The CMO Survey recently, it revealed a curious paradox. Some 500 U.S. chief marketing officers surveyed said they expect to increase – and in fact *dramatically* increase – their spending on marketing analytics over the next three years. Currently, marketing organizations spend an average of about 6% of marketing budgets on analytics, which is expected to hit 10% within three years. That's to make sure the other 90% is optimally invested and the right customers are being offered the right things.

But here's the paradox: Even as marketers allocate more money to analytics, efforts to *apply* analytical learnings to organizational decision-making are lagging well behind. In other words, there's still a big gap in extracting the real value in big data. That gap, I would wager, results from what I call "institutional lethargy" – the tendency toward status quo that keeps organizations from making the changes they need to make.

Solving the Riddle of Measuring Social Voice **MarketShare**Contributor

Why ROI Is Often Wrong For Measuring Marketing Impact **MarketShare**Contributor

Mistakes with Marketing Analytics

"I think the mistake that a lot of companies make is that they spend on marketing analytics but they don't worry enough about how you *use* marketing analytics," says Christine Moorman, who directs The CMO Survey and is a professor of business administration at Duke, "…we don't see the commensurate use of those analytics to drive decision-making."

Other studies reveal a pattern of such paradox. Adobe, for example, found that 77% of marketers surveyed believe data on customer purchase histories can improve marketing ROI, yet only 21% actually use it. Likewise, 88% believe behavioral data can do the same, but only 20% use it.

Meanwhile, more than three of every four organizations say their marketing will be more measureable next year than it is today, and half say shrinking budgets are putting more pressure on accountability. Yet less than one in five feels they have the technology or expertise to pull it off.

But hey, in case your entire C-suite hasn't looked up lately, the world has changed. It's no longer about simple marketing mix modeling, or how much you spend on digital, or old-school digital attribution. It's a seismic, societal shift. And it's not even about big data. It's about *better decisions* – capturing value from the advanced analytics technology and capabilities now available.

McKinsey, for one, has framed this as the intersection of three sectors, where "value capture" exists at the point of overlap between: 1) Big data; 2) Predictive & optimization models; 3) Organizational transformation. For those who get it right, opportunity abounds in the form of new abilities to segment customer populations, fact-based support and greater transparency for strategic decisions, and a way to quickly apply test-and-learn techniques to explore war game scenarios, among others

Like many organizations, however, yours is probably scrambling to simply stay upright against hurricane force changes, let alone advance. And simply throwing money at big data won't help achieve the business goals you seek. Our experience at MarketShare suggests that the war against institutional lethargy can only be won with organizational change. Here are some suggestions:

Create an Analytics "SWAT" Team – To succeed, companies must embrace fact-based decision-making across the entire organization. But it's not news that such efforts can meet strong resistance. The Rx is to create a *neutral* "Analytics Innovation and Transformation" team. This team reports to the CEO, has buy-in from the entire C-suite and is tasked with disrupting institutional lethargy so that the organization can begin to capture analytics value.

(In this video, Jim Garrity, former CMO of Wachovia and Compaq, offers tips on integrating advanced analytics into a marketing organization.)
Re-position Paradigms – A simple starting point is the realization that analytics is no longer the purview of the green eye-shade set, but is (or should be) a core organizational competency. To get there, C-suite seat holders might need reminders of what's going on "out there." I recently spoke to a senior executive at a global packaged goods company who had just led his executive team on a pilgrimage to Silicon Valley for immersion training in the fast-evolving world of social media, big data technology and more. They visited Google, Facebook and other disruptive players who've made sure that "business as usual" is gone for good. Changing the paradigms of your team members is just the beginning.

Make Marketing Lead – CMOs (in concert with finance) must be key players in this transformation team. Maybe, as some have suggested, CMO should really stand for "Change Management Officer". Everyone's feeling the heat. Accountability (through transparency) has never been such a hot topic among marketers. The Duke survey, for one, spotlights the urgent need for CMOs to strengthen their hand within the organization by taking the lead around fact-based decision making.

Articulate Answers & Data Sources – A key to bringing cross-functional teams on board is to simply articulate the answers you are seeking, and where the data to provide those answers will come from. Some divisions may be sitting on valuable data assets without even knowing it. By identifying that data and setting up a system to collect, protect and use it, data doubters can be won over.

Fact-based decision-making is only partly about math and computational power. It's an organizational challenge as well. Marketing is now a war of information, insight and asymmetric advantage gained by applying advanced analytics. The organizations most adept at integrating this change will win.

Wes Nichols, co-Founder & CEO of MarketShare, wrote the March 2013 Harvard Business Review cover story "Advertising Analytics 2.0".

Why ROI Is Often Wrong For Measuring Marketing Impact

By Daniel Kehrer, Director at MarketShare |

ROI is seductively simple. But is it what you really want?

Marketers beware, this might hurt: Using ROI to gauge impact can severely distort the true value marketing is delivering for your organization. Oh-Oh! Sure, it's hard to have a marketing conversation these days without hearing ROI-this and ROI-that. It is, after all, one of today's most beloved business buzz terms. And of course top management wants the "bottom line" on marketing's contribution to business goals, and ROI is a handy yardstick.

But is "return on investment" an accurate way to measure marketing effectiveness? Sadly – and perhaps even shockingly to some – the answer is no.

It's not that the notion of ROI is evil or anything. After all, linking marketing to financial performance is absolutely critical. It's just that most people who use ROI *in a marketing context* probably aren't applying it correctly, or really mean something else, says Dominique Hanssens, professor of marketing at UCLA Anderson School of Management. ROI's roots are in evaluating one-time capital projects. "But is marketing a one-time capital project?" asks Hanssens. Clearly not.

We might (and indeed do) talk about marketing "investments" all the time. But marketing expenditures are technically an expense, as opposed to an investment, and that's an issue here. In finance-speak, marketing costs are a P&L item, *not* a balance sheet item.

As a result, notes Hanssens, who is also co-founder of MarketShare, marketers rarely *mean* ROI when they *say* ROI. "Plain" ROI is certainly an important metric for managers. But it falls well short of helping us understand marketing's contribution to business goals, or how those contributions can be improved. **ROI is too limited.** To gauge and improve marketing effectiveness, for example, we must factor in the strategic intent of all marketing investments a company makes.

The Rub over ROI

We'd all love to quantify marketing performance with a single number. But ROI is a ratio, and ratios are not what matter here. Net cash flows are what really matter, says Hanssens. Performance measures such as net profit, for example, are derived by subtracting various costs from revenue. ROI is different. You get it by *dividing* net revenue by cost.

Question is, how can a CMO compare the ROI for different marketing investments, such as a television ad campaign versus a paid search campaign? As it turns out, you can only make an ROI comparison if the *spending* amounts are the same.********

And it's also critical to know that maximum ROI does not necessarily produce maximum profit. Oops! Blame the Law of Diminishing Returns. Many marketers might think that the highest ROI corresponds to the best spending level. Unfortunately, that's not so. For example, should you stop spending when ROI drops, even if you continue to produce bigger profits? Most likely not. **The point at which you'd stop or make a change depends on the return of the last incremental amount spent, not the overall ROI**.

This is also what's known as "return on *marginal* investment" – or ROMI. And "marginal" return vs. an average is what makes all the difference for accurately interpreting results and making decisions on future spending. So if you must use a return measure to gauge marketing effectiveness, use ROMI.

ROI, you see, changes at different spending levels. It is not only a function of the medium, but also of the *investment* in that medium. The only thing you really need to know is whether ROMI is positive or negative. Or, put another way, are you underspending in a given category…overspending…or getting it "just right" (where ROMI is zero)? And the determining lever is how much you spend.

Tracking Complex Interactions

What's more, a good ROI around a specific activity means nothing if **broader** marketing goals aren't being met. Focusing solely on dollars-in ("I") compared to dollars-out ("R") ignores a complex web of interactions that happen in between. Only by analyzing as many of those intermediate processes as possible can we gain insights into what's working and what's not, and alter allocations to achieve better results. (This video on the "Essentials of Advertising 2.0" explains further.)

The core takeaway bears repeating: If you settle for a seductively simple measure such as ROI, you may severely distort the true value that marketing is delivering for your organization.

What's *your* take? Leave a comment below. View our videos and follow us on Twitter, LinkedIn and Facebook.

Daniel Kehrer, a long-time business & financial journalist, columnist and editor, is the author of seven books and earned his MBA from the UCLA Anderson School of Management.

UNIVERSAL MCCANN'S ART THOMAS TALKS MARKETING MIX MODELING

by David Goetzl,

Some might say with so much media research promising improved insight into ROI, the role of marketing mix modeling (MMM) has been overlooked. Recently, though, the trade's complicated work has received some criticism and come under increased attention, largely through a report by an industry group.

The report on the state of MMM came from the Council for Research Excellence (CRE), which commissioned consultancy Sequent Partners to conduct a study. CRE, which says it acts independently, is funded by Nielsen.

Both Nielsen and Sequent have a stake in how MMM evolves at agencies and clients. Sequent showed a commitment to independence in its research, though, by offering disclaimers about potential conflicts of interest on multiple occasions.

The CRE report, completed this spring, determined that marketing mix practitioners have a “great deal of integrity and pride” and are “sensitive to criticism about their ‘black box’ legacy and a perceived lack of transparency.” The research determined much of their “statistical techniques” go over the heads of clients.

But it credited some modelers for pushing the envelope on evaluating how to navigate building short-term sales growth along with long-term brand equity. Their work has become more complex with the onset of social media and boom in mobile use. There has also been growth in big data and single-source research, which looks to link media exposure with purchasing behavior.

The report concluded that agencies could play a greater role in the modeling ecosystem. Their involvement is “considered better than it was 10 years ago, but still not where it needs to be.” One potential issue is clients use so many different agencies for so many different disciplines that coordination can be difficult.

MMM works best with "a cross-functional team and consistent involvement from the marketer, the modeler and the various agencies,” the report said.

The research included interviews with some 50 modelers, advertisers and academics. Modelers came from firms such as Ipsos MMA and Accenture, while advertisers included researchers at AT&T and Staples.

Among the modelers was Art Thomas, a veteran of MMM who worked at IRI and The Modeling Group before moving within an agency structure. He now leads the advanced analytics group at Mediabrands' Universal McCann, where he’s worked with a client list that includes Hyundai, MasterCard and Six Flags.

In the spring, *Ad Age* ran a piece detailing some of the criticism percolating around MMM. It cited CBS Chief Research Officer David Poltrack suggesting modeling practitioners have failed to sufficiently incorporate newer single-source research into their work and“attribute sales to specific segments or groups of consumers.” Poltrack also suggested modelers overlook the impact search can have on sales with its potential for immediate action.

It should be noted Poltrack would hope modelers find TV and radio – core CBS businesses – make for exceptional uses of advertiser dollars.

Ad Age also noted Effective Marketing Management’s David Hoo believes MMM has led consumer packaged goods (CPG) companies to misguidedly move money away from advertising into promotional activity.

With all the interest in MMM, Universal McCann's Thomas spoke with MediaPost and offered his take on the criticism and other issues affecting the business. His edited comments follow:

On suggestions modelers haven't moved fast enough to integrate emerging marketing options into their optimization models:

"Just like media has been evolving a lot -- especially over the last 10 years -- we expect there to be more people really looking into what the models are showing. So a lot more interested parties. Our clients are very aware of new media channels and there's always excitement around what's new. You've got to make sure that balances with what's been around for a long time and what's still very reliable, even if it's considered I guess traditional media.

I've seen so much change just over the last 15 years and I expect there to be a lot more change going forward because (MMM) is an industry that really has a lot of people very anxious to explore new avenues (and) to look at better ways to read things.

To hear criticism like that … some of us agree with it to a certain extent. I certainly do.

I know there's always a risk of misattributing something to a short-term outcome and that's something we'll have to keep in mind. I think a good modeler, a good practitioner knows that, but there's always a risk of somebody misusing model output for sure."

On the *Ad Age* article saying some critics believe models fail to acknowledge the value of advertising, including network TV, and overly focus on promotions around price:

"I'm not surprised. I think there is a danger of that happening. As a modeler, you have a couple of fears. Number one, of course, is you do a model and it sits on the shelf and nobody pays attention to it.

But the second fear and I think it's actually much more dangerous is the idea that (clients and planners) will take the model results as gospel. They'll go back and when you're not there to help them interpret the results … just run with it.

There is a danger of seeing big returns from immediate actions like promotions and couponing for something that's a CPG (product).

A standard disclaimer we use for every presentation we give -- and every time we're talking about the ROIs with clients and planning teams -- is if you're trying to hit short-range goals, you can do that through promotions and through couponing. But, there are a lot of risks you run there. You never want to train your consumer to wait for a promotion.

The other thing is you can kind of cheapen your brand image a little bit by looking like it's not necessarily worth your real price you want to sell it at. And so we make sure we make that clear to planners and down the line to clients, because really your brand equity is the most important thing.

If used correctly and judiciously, promotion is not a bad way to get people in there, but you never want to rely on that as your main marketing effort. I understand the concern there for sure."

On suggestions modeling fails to account for the benefits of search enough:

"I think it's false. We have trouble capturing search really well in the models because it's always out there and that can be kind of a weakness for a time series model. But I don't think we're ignoring it. I do think we understand that it's there and I think the fact is we use search very often in those upper funnel metrics, in those awareness metrics and consideration models."

On MMM's evolution and changes coming, including with social media:

"We're not necessarily modeling against sales these days. We do run sales models, but we construct an overall modeling structure that looks at the entire funnel.

There are so many more metrics that are available now than 10 years ago. We're measuring awareness, we're measuring top of mind, we're measuring preferences and we're measuring recommendations -- kind of post-sales satisfaction measures. It's about getting people considering the brand and then getting that conversion anywhere along that cycle.

And, then on the other side of the coin, when it comes to actual metrics, there's a lot more interest now in social media and just online media in general. There is the question of how can you best capture the impact of advertising and other marketing on social media-- and whether that's (measuring) brand equity effectively (or) whether it's just kind of a thing that people are not really involved with as much as we think they are. So, the challenge there has been making sure we're measuring the right metric for social and I think that's (gotten) better and better over time.

I don't trust a lot of the metrics right now. Because Facebook likes? What does that really mean? Is that really involvement by a consumer? I don't really think it is.

We have Twitter mentions (about a) product. That seems to be a little more accurate, but we're still kind of working on it. There is a lot of noise in that sphere. We want to make sure we're looking at the right data to make sure we're measuring things correctly."

On what new metrics provide as far as broader insight:

"A much better picture of the entire realm for a product … If you have a big purchase like an automobile or something like that, it's a very long (period) between when (a consumer) sees an ad and considers a product and when you actually go and make a purchase. And now with better metrics (capturing) those in-between steps, we're able to get a much better picture about how a TV ad for instance … feeds the awareness part and consideration part before you get to actually deciding on that final purchase."

The best people in this profession tell an entire story. They don't just give an ROI and an effectiveness and efficiency measure. You give a whole story about how a consumer considers a product. So, it gives us much more depth that way.

We're talking about getting people involved and moving them down the funnel. When it comes to planners using the modeling results… when you're trying to drive awareness, if you're trying to get trial for your product, the most effective way may not be the same one that necessarily reflects itself very easily in the sales down the line."

On cross-platform measurement and its intersection with MMM:

"Part of the challenge going forward is how do you really measure that ... One thing we have to remember, we really need to keep in mind throughout the modeling process, is that cross-channel can make certain things look more attractive than they really are compared to other things.

So, something that happens a lot is you'll see digital video doing very well and digital in general doing really well -- because very often it's much closer to that final result, that KPI you want to measure. But it shouldn't come at the expense of more broad-reaching media – your network TV, your print ads. A good campaign tends to strengthen all of those things.

We'll (give) a presentation that says your effectiveness and your ROI is higher for some of these new digital advertising platforms, **but those wouldn't work as well without a really solid broad-reaching TV ad. That is the foundation that allows these more targeted media channels to be as effective as they are**. So, it's really important to get a message out that people are familiar with, that kind of resonates with the consumer. And, then you're able to go in and hit them on some of the smaller media platforms and make those so much more effective."

On the impact of single-source measurement products like those from Nielsen Catalina Solutions and TRA on MMM:

"I think overall it's helping. Anytime a client understands the usefulness of analytics in any way, shape or form as a tool in the entire portfolio of their planning process, I think it's good.

I don't know if marketing mix is ever really going to be replaced. I hope it isn't actually. But I do think it is going to be incorporating more of these other strategies over time.

I'm always amazed at how many fairly large clients haven't used any analytics over time or very few anyway. And, then you show them the process and their kind of like wow we've never really had numbers that back up some of (our) decisions …

I don't think it's a bad thing to at least make them open to the idea of using analysis as a way to at least guide some decisions -- not in a black and white gospel kind of way -- but at least a way to kind of nudge them one way or another.

Part of the whole thing is kind of educating clients and making them very comfortable with the numbers, with the process, with the math behind it, without necessarily going into depth about the math -- but at least having them comfortable with the idea that you know what you're doing and that you're using both math and reason in combination to hopefully inform some good decisions. The more players in the market, I think the better it is."

On the most impressive new metrics available:

"Better tracking of social media has been great. It's really helped fill out that brand profile really well. And, more granular data overall.

The more granular data overall has made things much better. The trick to our industry is variation, making sure we can measure changes in inputs. And anytime we get more granular data -- whether it's digital, whether it's radio, in some cases TV is still getting better about that -- the better it is for us. I think across the board most media channels have gotten better about that over the last few years."

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by Herman Manson (@marklives) *Mad Men to Math Men* is where advertising has been heading for a while now, and the pace of transformation is only picking up, Steven Plimsoll (@splimsoll), Chief Technology Officer at the WPP Data Alliance and at Mindshare Worldwide, told delegates at the recently held Acceleration Digital Ignition Symposium.

In case you don't know, the WPP Data Alliance is a partnership between WPP companies "to connect diverse data to provide powerful, analytics-driven solutions for our clients." This is where direct marketing meets media, says Plimsoll, who argues that the traditional adoption model used by many marketers is broken as consumers adopt communication technology at an unprecedented pace.

WPP, with its keen eye on shifts in marketing spend, and backed up by the findings of a 2012 Gartner report that says by 2017 the CMO (Chief Marketing Officer) will spend more on IT than the CIO, is investing in building data partnerships, like the one recently announced with Twitter, and going into client data strategy.

For the WPP Data Alliance every interaction, across the various channels we make use of, becomes an opportunity to collect data on consumers. "Insight opportunities" extend from store openings to tweets, call center activity, online ratings and reviews, media preferences and more. Data sources include traditional market research, owned activity monitoring (own website, call centre activity etc), social monitoring and media intelligence. Now plug all that data into a single pipe and see what you come up with.

According to Plimsoll collecting data is a never-ending task – 2% of customer records are made irrelevant each month. Of course you now have to figure out which 2%!

Plimsoll talks of a value exchange between engaged consumers and marketers as the future of brand communication. As a delegate I thought the word 'engaged consumers' should have been in caps, because I really can see value in only seeing advertising on topics I'm engaged with, on the proviso that the rest gets junked. It seems unlikely that media owners, or frankly marketers, would honour such a deal, where they get to collect my data in return for only relevant marketing communication. I'm betting my data will be collected, sold, resold, and I'll still receive a ton of messaging

Charles Duhigg, the NY Times writer and author of The Power of Habit, explains how data are already mined to predict consumer behaviour. Plimsoll uses Duhigg's video as an example of power of data already held by many corporations (watch video below).

Plimsoll gave a telling example of what customer data integration is already in play (for those companies who can afford it). An anonymous consumer is served a display ad. The same consumer later drops in on the brand site and their activity is recorded against the initial cookie. This second visit indicates consumer interest, the cookie is targeted on ad networks, after the brand site visit triggered a rule to ensure the highest bid against said cookie.

The consumer might well land back at the brand website, where they register via Facebook Connect and sign up for the opt-in newsletter. The Facebook ID and email address are recorded and Facebook Graph provides social network insight. With a name and email address in hand 3rd party data brokers will be approached for lifestyle data and address details (by now your full real name will be available to the marketer as well as your location).

The cookie might be identified as a regular visitor to a site catering to new moms, a text to a competition line with the email address included matches email and mobile numbers. Finally a call center operator calls with baby product offers, capture, and match personal details. That is anonymous browser to a personalised call with a relevant product offer in eight not terribly hard steps.

Plimsoll isn't worried about legislation targeting cookies, saying WebObjects in HTML5 remains active even when cookies are cleared, and offers more data. "No one is missing cookies," says Plimsoll.

This did make me wonder about the trust conversation marketers and brands are having with consumers. Trust us, we will tell you when we make use of cookies, and we don't capture a lot of your data anyway, the conversation goes. But it's not quite true, is it. As consumer realise the value of their data, and as data scandals receive more publicity, the big data conversation with consumers are going to have to change, or brands, and their agencies, will face risk to their reputations, and ultimately sales.

Customer path attribution proves TV ads still tops

By RBR-TVBR on Jun, 26 2013 with Comments 0

Recently, the Interactive Advertising Bureau reported that digital ad revenues in the US reached $36.6 billion in 2012. As online publishers continue to lure advertisers to the Web and the public's appetite for all things Internet lingers on, one might think that marketing dollars are better spent online. However, digital advertising isn't the only piece of the customer path puzzle; for many advertisers, the returns on online ad units continue to trail those of traditional broadcast buys. Yet brands are asking hard questions about TV campaigns: "Is TV right for us? Should we shift our ad spend to the Web?" Advertising and media agencies need to be ready to answer these questions with concrete data that reflects the full context of every customer touchpoint. This includes online assets as well as offline ones, such as direct mail, radio and, of course, television.

Even as online ad revenues climb, industry experts say that 97 percent of video watching still occurs on television, and TV marketing retains its broad reach. For advertisers with wide-ranging audience targets, high average order value or significant gross margins, TV remains a good bet. Understandably, though, few companies want to wager based on gut instinct, especially when the initial investment in TV requires substantial upfront spending for creative services and media buys. Smart marketers prefer an accurate view of what they are getting for those expenditures, and successful agencies find reliable, value-added ways to give it to them. This is where customer path attribution comes in.

The best way to demonstrate return on investment to any client is to continuously test, measure and improve (the "TMI cycle") on the marketing mix. This strategy simply does not work without customer path attribution, which relies on cross-channel, cross-device algorithms to reveal a comprehensive view of customer behavior and the full path to conversion. <u>Customer path data is essential to understanding which exposures along the way influence the ultimate purchase. This allows companies and their agencies to measure the direct lift to digital channels</u>

that occurs immediately after a spot airs, as well as the longer term halo effect the offline advertising has on these digital channels, empowering them to concentrate on not only the incremental changes to the number of visitors to a website, but also on the real profit.

At the moment, when brands ask whether their offline media is generating positive ROI, what their costs per action are and which TV networks and creatives are performing best, ad agencies have to be ready to respond with marketing attribution data in hand. These measurement methods should support specific recommendations that spark constant optimization, ultimately demonstrating the ongoing value of TV advertising for most brands.

When marketers examine all the interactions they have with their prospects, the majority determine that the return on Web video can't compete with that of TV advertising. Armed with cross-channel attribution data, brands are more likely to not only keep their TV ad budgets intact, but also augment them in order to generate additional revenue from a high-performing marketing asset.

–Jeff Zwelling is co-founder and CEO of Convertro, which provides marketers and agencies with cross-channel analytics, insights and recommendations to monitor and optimize marketing strategies.

MARKETING PROS FOCUS ON COST CONTROL, ROI

by David Goetzl, Yesterday, 4:53 PM

A survey from the Association of National Advertisers (ANA) indicates that procurement professionals remain heavily focused on keeping costs down when evaluating agency selection and compensation -- but they want ROI to play a larger role.

Among the 113 survey participants, almost all marketing procurement professionals, 30% said improving ROI is a metric currently being used in the procurement process, although 64% said it would be ideal to employ it.

In addition, only 44% are using innovation as a procurement benchmark, while 68% would ideally like to use it. Industry intelligence came in at 42% and 58%, respectively.

Agencies might be heartened to learn that 72% said "agency/supplier performance improvemens" are being used and 84% think that ideally they should.

On the expense side, 94% said cost reduction is being used and 84% said cost avoidance.

"A key concept some organizations struggle with is understanding marketing spend as an investment to be maximized and not an expense to be minimized," stated AFLAC's Terri Burns, co-chair of the ANA Procurement Task Force. "In that context, the role of marketing procurement is to help maximize the investment in marketing activities."

Let's Stand Up to the Attack on Marketing-Mix Models

For Years, These Calculations Have Enhanced Marketing and Media Spend

By:
Randy Stone

Published: June 19, 2013

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RANDY STONE

Long-established marketing-mix models are coming under attack, with critics saying the approach was wrong all along and has only gotten worse with the emergence of digital and social media.

At the Advertising Research Foundation's Audience Measurement conference just concluded in New York -- aka "Geekapalooza," and I'm one of the geeks, so I can say that -- several sessions even proclaimed these models to be the enemy of worthwhile ad spending.

Really? Marketing-mix models are a statistical technique that explains how much of the weekly ups and downs of brand sales are due to various factors: media, promotions, pricing, competition, the economy, weather, etc. You then figure out the return on investment for each marketing activity. Some senior executives on the media side say the models systematically undervalue media and overvalue short-term promotions. To which I say: settle down Beavis, not true.

Barely a generation ago, the marketing and media ROI revolution, fueled by marketing-mix models, began a swift and steady march out of the basement of research experimentation. The models then made themselves at home on C-Suite couches and in boardroom briefing books.

To many, watching the near ubiquitous adoption of these models was akin to witnessing an Asian carp invasion. The waterways and ecosystems of marketing creativity became clogged and choked as numbers seemed to out-compete ideas. Sadly, in some timidly managed meetings, this probably really happened.

Yet the vast majority of these models (with their ROI figures and "sweet spots" on marketing-plan simulations) supported and enhanced marketing and media spend. I say this with conviction, having been a partner and CEO of a "mix shop" for over a decade.

Marketing-mix models helped show, for example, that marketers' infamous tendency to try to make their annual numbers by cutting ad budgets in the fourth quarter ("oh please, consumers won't notice a thing, sales won't suffer that much") was usually ultimately more expensive. In the long run, brands had to compensate in subsequent quarters to regain lost sales momentum.

Even the finance department, no fan of spending in general, would come on board. In one of many examples, the CFO of a top-10 retailer told me, in the presence of the CMO: "I don't hate marketing spend, I hate marketing waste. I'll march into the boardroom arm in arm with [the CMO] tomorrow and fight for more marketing money if I know it's going to grow the business."

The CEO of a multibillion-dollar global firm in the health-and-beauty sector proclaimed, "I want these insights for every major category in every key geography. When we add in our plans on new products, we'll have our platform for long-term growth. That's what I'm paid to do, not just 'make the quarter.' " Half a year later, armed with positive marketplace results, the CEO and the CFO jointly shared some of the findings with the financial analyst community. Not bad for a bunch of geeks and geek-ettes, eh?

I've seen first-hand how these models provide critical and compelling cases for media budgets, more than any other methodology I'm aware of. My firm (as well as my competitors) employed smart, sophisticated and highly principled practitioners with diverse professional and academic backgrounds. And if we were smart, our clients and their agencies were usually even smarter. They collectively subjected the results to exhaustive scrutiny and validation. Guess what? In almost every case the models were stable. They predicted what would happen in different spend allocations with amazing accuracy. Clients absorbed the advice, took action, reaped the rewards and came back for more.

This happened in consumer packaged goods, retail, pharma, financial services, telecom, what have you. Media and promotions were better balanced and worked with greater synergy.

Brands took advantage of free opportunities in media execution (spend level, timing, traditional vs. digital allocations), seasonality, halo effects (off-line affecting on-line sales and vice versa, one brand's media driving a sister brand sales) and portfolio management (how to lay down the money among all the brands an advertiser has for the greater good). During the great recession, mix models were front and center in answering the question of the day: "I have to cut spend, how I do it in the least damaging way?"

Mix models are all about improving the process. The models themselves also benefit from improvements in technique, methodology and smart application. They enhance judgment and strategy; they do not replace them. Such enhancements have and will help capture the longer term effects of media spend. Smart and successful practitioners have always expressed the media results as short- to medium-term calculations, and therefore inherently conservative.

Maybe my clients, my former competitors and I wouldn't find today's criticism so striking if it came from a new generation of marketing scientists. I'd tell myself and my peers "Hey, stand down, it's their turn." But this new Greek Chorus is comprised of folks that have (or should have) gray hair like me. They spend ten minutes bashing for every minute spent trying to revive their old alternative methodology. Moreover, none of us can recall these folks participating consistently and meaningfully in the rough-and-tumble ROI revolution we've been a part of for a quarter century. To now whine and imply that that all of us: clients, providers, agencies and consultants have been naïve and duped for decades is silly and, well, incredible.

ABOUT THE AUTHOR

Randy Stone is an independent consultant who works with media agencies, research companies and advertisers on marketing effectiveness and client/agency relations. He was previously CEO of the marketing analytics firm MMA (Marketing Management Analytics), then part of Aegis, for over 10 years.

DEBATE: IS A FOCUS ON ANALYTICS STIFLING MARKETERS' CREATIVITY?

BY MARKETING ON 20 JUNE 2013

Topic sentence: An increased focus on analytics is stifling marketers' creativity.

Andy Bateman
Global CEO
The Leading Edge

Negative – To some extent, I can see the logic in the question – the image of marketing people buried in spreadsheets and the ‘paralysis of analysis’, de-risking every single decision and only doing what the numbers say.

Agencies whine about conservative clients who just ‘won’t take risks’ and so they can’t sell their creative ‘breakthrough’. The reality is that this image couldn’t be further from the truth or the reality of today’s best marketers. Far from being buried in the numbers, they are liberated by them!

And the growth in analytics is far more often used as a headlight than a rear view mirror: helping marketers look for new product and service innovations, new opportunities to connect with customers and gaps in markets and categories where latent demand is unmet. And predict the potential for success.

The growth in big data analytics is being driven by the identification of growth opportunities more than it is being used to drive out cost and waste. And it makes sense. We’ve had seven years of painful, anaemic growth that has amounted to shrink-wrapping our businesses and we can’t squeeze much more. I see much more activity around growth initiatives and innovation – and most of this is being driven by new business models, new products and markets identified by and de-risked through thorough data analysis.

I’d go as far as to say that I’ve never seen so much creativity in marketers who have made friends with data and are predicting opportunity with data. Of course we want to reduce risk in these growth initiatives and access to good predictive analytic models helps to de-risk them.

But don’t confuse that with a lack of creativity.


Dominic Walsh
Managing director
Landor Associates

Affirmative – The debate over whether marketing is a science or an art is as old as the profession itself. In reality, it’s about using analytics to make informed yet genuinely creative decisions.

In recent years, marketers have become increasingly reliant on analytics to inform decision-making. This is largely a result of the desire to manage risk and make educated decisions at the request of clients.

True innovation and sales performance is not about science or analytics alone, rather it is about abstract problem solving. This requires a lateral leap and insightful design thinking that breaks category norms, which cannot be achieved through mere ‘informed decision-making’.

The fact that Dyson is now a $1 billion business is testament to the fact that creative thinking has a commercial value and can produce commercial outcomes. James Dyson did not conduct in-depth regression analysis to determine what type of vacuum cleaner would meet a market need – he decided to ‘build a better mousetrap’ and allow the market to follow. The same can be said for the creative leadership of Steve Jobs and Jonathan Ive. Apple has been the world’s most powerful brand for years and, again, this success has been built on innovation and by taking a leap on the market rather than focusing heavily on in-depth analytics.

I do still believe there remains a place for analytics in informed decisio-making – choice modelling and shopper analysis, for example, are providing marketers with great tools that assist in this area. But it needs to remain in this space and not attempt to substitute creative thinking – analytics will never be able to replace human capacity for abstract problem solving.

**Susan Lyons**
Head of customer experience
CHE Proximity

Negative – It’s a widely accepted belief in the advertising industry that great cre- ative comes from a tight brief. Yet, there is still some nervousness and trepidation when it comes to the role that data can play in this process.

If the question was whether or not research data constrains the creative process, then most wouldn’t hesitate to say ‘no’. But when asked whether the seemingly dark art of behavioural data analytics constrains the creative process, most aren’t quite so sure. We still believe that the answer is ‘no’.

The defining role of data is in helping to create the parameters for the brief. There are many moments along the creative process where data can play a key role. But at its heart, the role of data in creativity is to illuminate a truth.

But it's not ubiquitous. The shape and form of that 'truth' will be different every time. In one instance we've used data to identify and pinpoint the true business problem. Our client was concerned about customer churn and had briefed us to put in place a communications strategy to help alleviate the problem. But a closer look at the data actually highlighted that the business was in fact losing more revenue from customers slowly reducing their spend, rather than completely churning. The true business problem was smaller competitors chipping away at the edges – not customers leaving altogether.

Without the use of data in this instance, the creative would have been chasing the wrong problem. The key to working with data is to understand and respect its limits. Data is the ultimate 'lie detector' and gets to the heart of 'what'. But if you are expecting it to tell you 'why', then you will be disappointed. That still requires a leap. Every great brief has parameters and constraints. Data just helps us define these.

**Ross Bark**
Principal consultant
Salmat Digital

Negative – Many companies require defined metrics and ROI utilising analytics before investing in or pitching programs, which can mean a marketing initiative is harder to get off the ground. Previously, the marketing program may have been run based on the experience of the marketer or agency.

Executive management of many companies now expect to equate a tangible value or outcome to a marketing effort. This can mean there are challenges to create marketing assets instead of campaigns.

For years, marketing positions were filled by 'creative types', whose contribution to the bottom line was difficult to measure. But a lean economy and a competitive marketplace have mandated that marketers take a more engineering-based approach to their roles.

However, this does not necessarily mean that creativity is stifled. As the data is where you start – and then you get creative around whatever the analysis of that data is.

It's also about 'leveraged creativity' – analytics by itself does not mean improved marketing measurement, but, if used effectively, the marketer can leverage the data with their creative expertise to drive better outcomes and generate higher engagement and revenue. The process is about data, then analytics, then measurement leading to creativity. As such, analytics gives you a focused direction, so that time and cost are spent in the most effective areas.

This is the 'sweet spot' where analytics improves a marketer's creativity, rather than taking a broad-based data approach. As such, I believe an increased focus on analytics is not stifling marketers' creativity. However, it is important to consider that a scattergun approach to analytics can lead to lack of understanding or appreciation of the right approach by management, which may limit creative freedom.

Is ROI killing creativity?

•

There are many discussions out there about the future of the agencies and the consensus seems to be that analytics will get a more prominent part in marketing departments and agencies. The discussion than seems to revolve around the tension between ROI and creativity and I remember having done some master classes in Europe with the title "Is ROI killing creativity?". I'm obvious happy with more analytics, it's Pointlogic's core business. However, as I mentioned in my first blog post, I've always specifically enjoyed the tension between numbers and creativity. But my true believe is that these two could and should go hand in hand. If ROI is killing creativity, the only good reason would be if creativity indeed doesn't deliver a better ROI. I'm guessing most would disagree.

The key problem is, I believe, that most marketers and agencies are comfortable with ROI in a historical sense. How well did this piece of creative perform? How well did this media plan perform? Then the strategic application of the ROI insights are to redo what worked and to stop what didn't. And yes, this is like glue for creativity as creativity is about new and fresh and not about redoing.

But the solution is relatively straightforward although I know in my daily practice that it is out of the comfort zone of many. But analytical thinking and ROI should be applied in forward looking programs. Demand that analytics provide answers to expected ROI of campaigns before they happen. You might find that it could really transform the way you look at and apply research (with more assessments based on the unknown and more focus on how to monitor and adjust in real time). It's only then that you'll find that ROI helps creativity and that creativity helps ROI. And finally, it makes our job as analysts more fun!

Peter

Response attribution, while challenging, provides tremendous benefits. Not only does it provide full visibility into channel performance, it may be used as an input to optimize long term media spend as well.

The key benefit for cross channel attribution is to provide visibility into which marketing channels are driving sales well and which are performing poorly. This will allow you to adjust your marketing tactics accordingly and track performance over time.

In many environments several challenges exist when implementing a cross-channel response attribution model. They include:

1. The process of attributing a 'sale' to one or more channels is challenging from both a data and analytic perspective. It is best to start with bringing your data house in order before implementing the attribution model(s).
2. The modeling techniques can be complex and difficult to communicate. All teams (business, database, and analytics) need to be a part of the process of choosing the proper analytic techniques. Analytics should drive this process but gain feedback and buy-in from all teams at every step of development.
3. Implementation of the response attribution process typically requires a database, a data transformation layer, and an analytic engine. Be sure to have a vision on how the implementation should occur before starting development. That vision will help identify complexities during the implementation that may be minimized during development.
4. Once you have your response attribution house in order, then it may be used to help optimize media spend over time, through the use of media mix models. When mapping out the response attribution process spend time to understand how it will be used within media mix models as that will enable a more seamless process from response attribution to media mix.

Cross-channel response attribution can be difficult, but it is worth the effort. Think agile, start simple, gain buy-in and momentum, and enhance over time. It is human nature to take an all-in approach and build out the 'perfect' solution right away. I would argue that approach, in many environments, is fraught with pitfalls given the challenges that exist in cross-channel response attribution. Build out a roadmap with milestones and quick wins and a solution built out in phases so you can learn and enhance over time while providing value quickly.
Read more at http://www.business2community.com/strategy/why-intelligent-cross-channel-response-attribution-is-the-way-to-go-0524363#rqt2X6Bvuhq1Q5Yc.99

Marketing Governance Home About Us » Mission and Vision Vendor List Contact June 6, 2013 | 0 Comments Analytics Isn't Business Acumen but it is a Mighty Important Part of the Equation In today's data-driven environment it's important not to confuse analytics with acumen. Analytics may help facilitate or enhance business acumen or astuteness, but it certainly doesn't replace it. The Oxford English Dictionary defines acumen as "the ability to make good judgments and quick decisions."Analytics, on the other hand, is logical analysis derived by applying some type of algorithms or mathematics to data. In 2007, Davenport and Harris described analytics as a set of technologies and processes that use information and data to understand and analyze business performance. Certainly well-thought out logical analysis can be very useful in understanding and addressing business situations and making quick decisions that will produce a desired outcome. But there's more to business acumen than logical analysis. A McKinsey article I once read framed this well, "good analysis in the hands of managers who have good judgment won't naturally yield good decisions."Research by the Perth Leadership Institute, the Conference Executive Board (CEB) and others offer a variety of recommendations for how we can improve our business acumen. One of the key competencies cited is strong, quantitative skills. Why? Because being able to see the big picture requires an understanding of your market and how your organization operates in that market, and what drives profitability and cash flow for your organization. This is where analytics come into play. Making Analytics Pay Off Here are a few concepts that will help you make sure your analytics give you what you need to enhance your business acumen. Separate is not equal. If you can, avoid having the analytics exist in a separate silo from the business. It's hard to leverage analytics that are divorced from the business. And before you set the data scientists loose, have clear business issues and opportunities in mind so that the analytics can be used to provide relevant insights. Keep in mind the analytics are a means to an end, not the end in itself. The best and brightest. Work to secure analysts with strong technical skills who also have some business experience. They should be thought of as integral members of the team whose work is helping solve business problems or identifying business opportunities. Strive for analysts who can bridge the technical knowledge and the business knowledge to serve as fully integrated business partners who focus on key business needs and decisions. Make analytics part of the DNA. When implemented well, analytics create impact throughout the organization by empowering better decisions. To generate this kind of value, analytics need to be integrated into day-to-day business operations and decisions Invest in systems and tools. Unlocking the full potential of data requires the appropriate technology, something above and beyond Excel or Access. There are more and more technology options available to help companies of all sizes and types leverage Big Data. Be sure the analytics team, IT and business users work together in the technology evaluation, selection and roadmap. Putting Analytics to Work Analytics enable businesses to better utilize data to make better business decisions. Analytics can contribute to improved understanding in a number of business situations. Some ways to put analytics to work include understanding: How individual business decisions are interrelated The potential impact of a decision on company value

creation and the customer experience The effect of customer, product, and market decisions on revenue and profitability. Analytical capabilities help to identify problems as well as opportunities to create and innovate, redesign and re-engineer processes and systems, and support the evaluation of strategic and tactical options that will deliver the desired results - See more at:
http://marketinggovernance.com/?p=6922&sthash.WMZnyqXI.mjjo&goback=%2Egde_129575_member_249971482#sthash.WMZnyqXI.5fc3le8z.dpuf

- ## 39% of Marketers Cite Lack of Data as a Top Marketing Challenge

- **June 14th, 2013** by Olivia Cole
- Marketing has reached a point in its growth where the concept of marketing measurement isn't an "if," but rather a "when" and a "how well." Big Data is already a popular topic of discussion, so metrics aren't an abstract idea known only to some. Yet in Ifbyphone's 2013 State of Marketing Measurement Report, 39% of marketers cited lack of data as one of the top challenges faced by their organization.
- At first glance, this paints a different picture of the state of marketing measurement than we were expecting from what seems to be such a data-centric zeitgeist. But if you look at the rest of the report, things make a little more sense.
- 39% of marketers cite lack of data as a top marketing challenge. Another stat in the report states that 45% of those marketers also report increased marketing budgets. Big deal, right? It's not really, until you look at one more piece of data from the report: 20% of marketers report plans to invest in marketing automation solutions, and another 20% report plans to invest, more specifically, in voice-based marketing automation solutions. One more telling stat? Another angle the marketing report tells us is the importance of the growth hacker to marketing teams, whose sole purpose is to generate growth from data and technology. 25% of marketing teams now have one, and more want one.
- So what does all this tell us?
- It tells us that data is hot, and it's not cooling off.
- Look at the data. First we have marketing teams that complain of too little data. Then we see an increase in marketing budgets. Then we see plans to invest in marketing measurement technology, as well as a rise in the number of marketing organizations who have a growth hacker.
- The pattern is clear: metrics and data are musts, and more and more marketing teams are realizing this is one trend that they can't stay on the sidelines for. If you're ahead of the curve and are already using voice-based marketing automation tools to close the gaps in your marketing strategy, rest easy. If not….you might want to download the 2013 State of Marketing Measurement Report to see what your marketing peers are planning.

"Marketing mix modeling has evolved dramatically in the past 5 years," said Doug Brooks, EVP of Marketing Management Analytics. "Not only have more robust data management solutions enabled us to incorporate richer and more holistic data sources such as loyalty, digital and social media, but new and integrated approaches that incorporate attitudinal data and the consumer pathway are transforming the predictability and actionability of marketing analytics. We are now able to work with clients to identify and target their most valuable customers with the most effective mix of both short and long term media putting a premium on brand building and the equity and sustainable profitability that provides," said Brooks.

DANNON BOOSTS MARKET SHARE WITH BIG DATA ANALYTICS

The Dannon Company Inc., the leading selling yogurt company in the United States, works with food retailers and other partners to maintain its competitive advantage in the dynamic and growing yogurt category, in which segments such as Greek yogurt are rapidly increasing.

For example, the company is using IBM's cloud-based predictive analytics to ensure it has the right product mix delivered at the right time to satisfy consumers in the highly competitive $7 billion U.S. yogurt market. Through the use of integrated analytics planning, Dannon is able to improve forecasting abilities in real time.

Through IBM's trade and strategic trade planning solutions, Dannon analyzes shopper behavior through the use of big data and predictive analytics to improve trade investment decisions and make more precise and accurate predictions on product volume and profitability. IBM was instrumental in helping Dannon's sales team to streamline the forecasting and planning process.

To meet continually changing consumer demand generated by promotions, Dannon must precisely anticipate how much additional yogurt is needed by its retailer customers, while also keeping in mind yogurt's limited shelf life. Empty shelves cannot be filled overnight and too much production can result in spoilage, both of which are losses for shoppers, retailers and Dannon.

By utilizing these tools and statistics, Dannon is able to more accurately measure how much yogurt they will need through predictive analytics, which ensures enough yogurt is on the shelf, resulting in happier shoppers, less wasted product, and a more profitable business for retailers.

"Our goal was to eliminate the time our sales team was spending on forecasting and instead focus their attention on executing their promotional plans, allowing them to work more closely with our retailer customers," said Timothy Weaver, chief information officer, The Dannon Company. "Through IBM's planning solutions, we not only streamlined the forecasting process for our sales team, but we increased our planning accuracy from 75 percent to 98 percent, helping us to further distinguish ourselves as the leading yogurt maker."

This type of planning accuracy is key to Dannon maintaining its leadership in the yogurt market. And armed with new insights, the company will now attempt to challenge Chobani for the No. 1 spot in the highly competitive, fast-growing market for Greek yogurt.

IBM's Smarter Commerce initiative features software and services that help companies transform their business processes to more quickly respond to shifting customer demands in today's digitally-transformed marketplace. The initiative is driven by CMOs, CIOs, and other C-suite executives who are increasingly looking for ways to bring new levels of automation to marketing, sales and fulfillment to secure greater customer loyalty.

Current IBM cloud-based software and services being used by The Dannon Company include IBM Strategic Trade Planning and Customer Trade Planning solutions.

Preparing the Next Generation of Chief Marketers

Kellogg School of Management Launches Program To Help Current, Prospective CMOs Acquire New Skills

By:
Eric Leininger

,

Gregory Carpenter

Published: May 22, 2013

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ERIC LEININGER

GREGORY CARPENTER

Among leading industry observers and the media, there's widespread consensus that dramatic changes in the business landscape have made the role of CMO ever more complex. Globalization and technological advances have left organizations struggling to adapt their strategies to meet the heightened expectations of consumers. These developments have created more dynamic and potentially more profitable opportunities for companies that can infuse marketing into every facet of the enterprise.

While the challenges are widely acknowledged, solutions have proved to be in much shorter supply. Prescriptions have ranged from replacing the CMO with a chief customer officer to doing away with the CMO altogether. It's little wonder, then, that many CMOs are struggling with the lack of concrete direction about what their role should be, let alone how to make a tangible impact on the organization.

To address these challenges, we created the CMO Program. A critical component is to instill a broader perspective among CMOs for the complexities of global opportunities. Accordingly, we have assembled a roster of instructors that include leading faculty and practitioners from Fortune 500 companies. The course, developed for future leaders of Fortune 500 companies across a range of industries, combines the latest research and insight from academia, mentoring from CMOs and CEOs, as well as hands-on problem solving to build capabilities through experiential learning.

This week Northwestern's Kellogg CMO Program is hosting 21 current and prospective chief marketing officers for an intensive two-day executive development course. The program, which will conclude with another installment in late July, aims to provide participants with the perspective and skills they need to excel in their new role.

Given marketing's enhanced profile, we believe the next wave of CMOs must accomplish three core objectives to be successful:

1. Drive top-line growth and brand strength in a new era of empowered consumers. CMOs must be able to demonstrate their importance to business growth and reorient company culture around

customers. Doing so requires that the CMO engage functional areas across the organization to ensure that customer experience is consistent with brand promise. At the same time, the explosion of media means that effective communications must coordinate customer outreach, public relations, investor relations, communications, sales and customer service, among others. To assume this role, CMOs will need to embrace a cross-functional approach.

2. Anticipate and build the marketing competencies of the future. Companies across industries are struggling to extract value from rapidly evolving technologies such as data analytics and social media, and CMOs will increasingly drive these efforts. While tactics will come and go, the more significant challenge will be organizational. Companies will have to make a massive investment to find, attract, integrate, retain and develop key talent such as data scientists and social media specialists. To be effective, CMOs will also have to gain a better understanding of analytics, social media monitoring and the organizational challenges they pose.

3. Navigate a significant career transition into the C-suite. While the average CMO tenure has nearly doubled since 2006, to 45 months, that's hardly cause for celebration. Executives still have a relatively short time to implement their strategy and demonstrate progress. What's more, the transition period can be critical, with new CMOs seeking to gain an understanding of the challenges. Since many executives have long viewed marketing as more art than science, CMOs must embrace hard metrics to more effectively advance the customer perspective in the C-suite and realize opportunities arising from this approach.

These objectives will require CMOs to expand beyond their traditional responsibilities. Yet many marketing executives lack the range of skills and knowledge to excel in this changing environment. One of the primary obstacles for potential CMOs is that so much of the knowledge they must acquire to be successful lies beyond their formal marketing organization. With little time to learn on the job, the most successful candidates will focus on professional development in the years preceding their ascendancy. Leadership training programs have long been offered to aspiring executives, but CMO candidates must actively seek out mentoring opportunities in increasingly critical areas such as technology and data analytics

ABOUT THE AUTHORS

Ted, you make some nice points about objectives. With a control group, the incremental awareness can be pinpointed to the exposure within social media (as done in the seminal "never ending friending study" in 2006).

We, at Marketing Evolution, have had good success linking attitudinal shift to behavioral action (such as purchase, or increase purchase frequency). In models for automotive, for example, we can see how changes in brand perceptions lead to increased consideration and increased probability of purchase. We also, found a clear distinction between what we call "planting the seed" and "harvesting." (as published in our 1800 Flowers case study. Search engine (SEM) with branded key words, for example, is typically a harvesting activity. The customer that searches and then buys typically had the seeds planted by other branding activities - or organic brand development (such as word of mouth recommendations). In the 1800 Flowers study, we found 16% of sales came from search, but using control group, we could see the baseline of those exposed to online display ads that search and then bought, and how many more in the exposed group who bought. This showed that 2% of sales came from the seed planted but an online banner the user did not click on, but then were more likely to search and buy. The CMO learned that the power of the brand increased the probability of conversion from the harvesting media like email offers and search. This resulted in a more balanced marketing mix.

Looking deeper into the data, focused on modeling why customers move forward, or don't to make a purchase. This holistic model effectively tells us which brand perceptions are the strongest driver of subsequent purchase behavior. We verify this with longitudinal analysis.

Now, we can use these key "leading indicators" as metrics to measure the success o particular branding programs without going through all the cost of the big customer centric "romo attribution modeling" (as we call it).

Back to the question at hand, which social media metrics matter the most in predicting the impact on the path to purchase. We find there are certain engagement metrics that are indicative of brand impact and increased purchase probability.

But, as Ted says, a cute kitty picture without brand connection might get pass along and other engagement indicators, so we find that either a qualitative look at the message that matches the metrics, or a pre-test, or a brand impact study (live, in-market), or some other way of confirming the engagement has a brand connection.

I've types a lot here on a tiny iphone screen, so let me stop here and offer that I'd be happy to post the referenced studies, or refer you to a free copy of SIRFs-up, my book that covers a lot of these points in detail.

Sent from my iPhone

On May 24, 2013, at 6:30 PM, "Ted Mcconnell" <ted.mcconnell@me.com> wrote:

I am compelled on this Friday night (no life), to react to both points of view. They are not in conflict. And, as always, YMMV (your milage may vary).

To start ... its ALL surrogates ... or misattribution. Even in DR, a purchase may be attributed to a click, but of course it might have been because the person was sick of their old supplier. (Grass is greener). Or, heaven forbid, the product is better.

Social media is rife with misattribution ... mostly because people are responding to a post not to the brand equity. And even if they like the brand, the causal connection is shaky. I agree that "top of mind" is a valuable outcome of social, but I seriously doubt if people will change their mind about pet food because a pretty picture of a cat was posted by a sharp community manager. It might make them feel better about the brand, but even that is tenuous. For example, I love Mercedes, but I don't have a car. If I needed a car, I could not afford a Mercedes. I still love Mercedes.

I question the implication that interaction and visits are useless. They are surrogates alright .. for media effectiveness .. not brand lift. Since a metric butload of bucks are spent on media, we should care whether people saw it or thought about it. I once had a client brand who told me they didn't want more traffic because the operations costs would go up. haha. I told them they could save a lot of money by shutting down the website. Bottom line, if you spend money to get visits and engagement maybe you should know if that's what you actually got. No one is saying its anything but an accountability measure.

There's no point in either ignoring or demonizing "digital" measures. There's not much clarity about what the term means anyway. Also remember, in the context of Marketing goals, that most goals are the outcome of objectives, and the parent of strategies. Measuring goals is really simple. For example, if my marketing goal is "awareness" of a product attribute in some percent of a population (they usually leave off that last part) then you just ask that population if they are aware. The harder part is whether a given exposure was responsible for that change in awareness. The conversation is about attribution of marketing success. That's a good conversation.

CMO's narrative is not empty so much as it is hopeful. As a measurement industry, we sabotage ourselves by asking them what they want. Maybe they can't have that. IBM used to characterize all knowledge into 4 categories: Known, Unknown, Un-knowable, and complex. Maybe we should stop the sales guys from promising the un-knowable. :).

On May 24, 2013, at 7:41 AM, joel rubinson wrote:

Hi Ken:
need to disagree with you here. The two biggest value-adds of digital metrics are:
1--turning CMOs' empty narrative about the importance of social media, owned media, digital into a measurable model is critical. the narrative is often wrong, and measurement will inform this. It is disheartening that our industry hasn't measured this, but it has also turned into the full employment act for me as I have done a series of consulting assignments on exactly this theme.
2--creating brand measurement systems that allow for near real time sense and respond. If you can map sales to highly predictive digital behaviors, those become passively measurable conversion acts that can be used to optimize advertising in flight. Of course the listening aspects of social are also part of the sense and respond system so you don't miss a quick turn in the market or brand attacks.

On Thu, May 23, 2013 at 7:50 PM, Ken Mallon <kpmallon@yahoo.com> wrote:

Frances,

Although I've been in digital product development and digital ad research for a long time, I'm opposed to the use of the phrase "digital metrics". In my view, a marketer has marketing goals and therefore marketing success metrics, which are typically trying to change perceptions about a brand/product and/or driving short-term sales.

Measures such as generating ad interaction, website visits, likes and so on, in my view, are surrogates (at best) for true marketing success metrics.

Changes in brand perceptions and sales are device agnostic metrics.

All the above being said, you might be asking about website metrics versus ad/brand communications metrics. The best website metrics depend highly on your product and your marketing goals. In the e-commerce world, for example, the main goals of your website are much different than those who have little to sell online. Outside of e-commerce, a website is essentially an opportunity to change consumer perceptions and lead them to increased rates of purchase.

Does that help?

Why Big Data Marketing Needs To Get A Whole Lot Bigger

In the old days, marketers sought to identify a target consumer and then would spend millions to catch her at the right time, in the right place, with the right message. Success was like winning the lottery, you were never quite sure what you had until the results were in.

In the digital age, we identify a target market; bombard them with banner ads, online videos and tweets. If we get a good response, we bombard them some more. Has anything really changed?

The truth is that while media has been transformed, marketing practice has not kept pace. We throw budgets into different buckets, but the decision-making process remains much the same. You develop a theory of the case, test it in-market and then, if it goes well, do it some more. A true digital revolution in marketing has yet to take hold, but it has begun.

Who Is The Consumer, Really?

An often-repeated lament has been that we waste half of our advertising budget, but just don't know which half. It continues to resonate because we all know that increasing marketing efficiency is a great way to improve profitability.

Conceptually, the simplest way to increase efficiency is to prevent wastage. By targeting the right consumer at the right time, in the right place, with the right message, we can get the most out of a marketing budget. In other words, fish where the fish are. Put your time, effort and money where they can do the most good.

In practice, however, targeting becomes more problematic. If 60% of your consumers are women, should you ignore men? If 35% of your consumers are 18-24, does that really mean that you should spend all your money on college students? A recent Catalina study found that over half of brand sales come from outside the demographic target.

We need to stop thinking about target consumers and start thinking in terms of consumer networks. Just because the daughter buys it, doesn't mean the mother (or father or brother) won't and beyond consumers themselves, there are advocates and detractors that can affect a purchase as well. They all matter.

Consumer Journey Or Drunkard's Walk?

Another popular marketing concept is the consumer journey. (Here's McKinsey's version). In this view, prospects begin totally unaware of the wonderful brand experiences that await them until they are led on a fabulous adventure in which they consider, evaluate and purchase on a never-ending quest to becoming advocating consumers.

In reality, our behavior looks nothing like that. I might plan on having a hamburger for lunch until my friend mentions that she's on a diet and we opt to go for salads. Then we hear a colleague rave about a new Tex-Mex restaurant and decide to go there until a client emergency has us hunkering down in a conference room and ordering pizza.

So our path-to-purchase looks less like a guided tour and more like a drunkard's walk, in which we stumble around, bouncing from innate preferences to brand impressions to peer recommendations to personal experiences before we land on any particular purchase decision.

The Limits of a Statistical Approach

The use of simplistically blunt methods such as target consumers and sales funnels wasn't so much a product of self-delusion as it was a marriage of convenience between available technology and the need for accountability. We never thought our models were a perfect depiction of reality, but developed techniques to suit the tools we had.

With a small, but controlled sample, you can extrapolate out to large populations and the error will be somewhat manageable and measurable for a limited amount of variables. The problem is that in a complex system, different factors interact with each other in often unpredictable and counterintuitive ways. Micromotives often result in macrobehavior.

This issue isn't exclusive to marketing, but occurs in many fields. The study of epidemics, for instance, has historically used statistical models with some effect, but much was left to be desired. More recently, they have begun to use new models with an agent-based approach, where whole populations are simulated.

One company, Concentric, is now applying similar techniques to marketing that incorporate a wide range of data sources, including qualitative and quantitative factors, in order to simulate the marketplace. This creates a far more accurate depiction than using econometrics to optimize one KPI or another. It also allows more flexibility.

Testing "What Ifs"

In the future, this type of agent-based modeling approach will become standard. Instead of spending hours in conference rooms arguing the merits of targeting techniques, the "consumer mindset" or what the Marketing Director overheard his daughter and her friends say, we will come up with "what if" scenarios and test them virtually.

The models will never be perfect. They will not account for emerging factors that we haven't encountered before, nor will they calculate existing ones with absolute accuracy. What they will do is help us weed out failed approaches before we spend money on them. They will also alert us to significant market changes through post-analysis.

Most of all, an agent-based simulation approach will increase our understanding of how the marketplace works. By continually asking "what if" and testing our notions in simulation, we can run experiments and learn from them, at negligible cost.

Flipping The Funnel

Amazon has taken a different approach to big data and simulations. Instead of worrying about the consumer journey, its enormous scale and heavy IT investment make Amazon a market simulation unto itself. The insights they gain are then deployed to offer you what you want, when you want it, through on-site optimization and email marketing.

The strategy has paid off and Amazon dominates online retail, accounting for 45% of desktop visits and almost 60% of mobile traffic. It's becoming more and more difficult for any company without a strong big data effort to compete in e-commerce and even those that do make the investment have a hard time matching Amazon's data quality.

BloomReach is looking to close that gap. It offers offers its own big data solutions to companies ranging from Drugstore.com to Nieman Marcus to Crate and Barrel. By monitoring search engines and social media, BloomReach's algorithms can identify consumer intent and can even create pages that match that intent with retailers' inventory.

Much like agent-based simulation, this represents a fundamentally different approach to marketing. Rather than trying to surmise what's going on by extrapolating from a small sample, big data solutions allow you to track the marketplace and adapt to changes in real time.

From the "Big Idea" to the Big Simulation

Throughout its history, marketing has always been driven by visionary ideas. A big, bold concept, backed by significant media investment, could mean the difference between a hit product and a flop. It was exciting, but risky. No amount of research or rigor could change the fact that you were, to a large degree, taking a leap of faith.

However, in the information age, we are no longer required to believe, only to imagine, test and observe. Instead of dreaming up big ideas and testing them in-market, we can test them in a virtual marketplace built by real-world, real-time data. If our wild hunch falls flat, all we lose are some bits and bytes.

Concentric has put together a nice set of case studies which report a 90% model accuracy and Forrester found that BloomReach delivers conversion increases of 60%. We are, in effect, entering a new simulation economy that looks very much like the real one except that the cost of failure is negligible while the rewards of success remain massive.

And that's the beauty of marketing driven by big data simulations, it allows us to dream bigger than ever. We can now go and test our wildest ideas, tweak them and then turn them into realities.

Ken

From: "Yu, Frances (US - Chicago)" <francesyu@deloitte.com>
To: "wonks@researchwonks.com" <wonks@researchwonks.com>
Sent: Thursday, May 23, 2013 1:05 PM
Subject: [wonks] Digital customer engagement metrics

Hello Wonks, I would love to hear your thoughts on the following two digital measurement questions:

1. In your view, what 2 - 3 digital metrics should a CMO manage to ensure high digital customer engagement (e.g., advocacy, visit duration, recency, loyalty)?

2. Is there composite metric for digital engagement that is useful for measuring cross-channel digital touches and/or can help drive behavior change?

Thanks in advance.

Frances

VOLTARI GEARS UP FOR PERFORMANCE-BASED MODELS, RELEASES SECONDCLICK TECH

by Tyler Loechner, Yesterday, 2:15 PM

While real-time in mobile hasn't seen the explosive growth online has, the technology is catching up. After officially announcing their mobile RTB platform last week, Voltari, a predictive analytics solutions provider for mobile, today launched SecondClick, which allows brands to target consumers beyond their initial click in real-time.

David Castillo, chief technology officer at Voltari, told RTM Daily that because the mobile advertising industry is moving towards performance-based models, Voltari wants to be prepared. Part of that preparation was releasing SecondClick.

The second click is a "clear decision point for most consumers," Rich Stalzer, Voltari's CEO said in an earlier statement. Castillo agreed, saying that following through to the second click "helps optimize on conversions."

Castillo said that what differentiates SecondClick's technology from other similar offerings is that a "score card" is updated in real-time. "Real-time scoring…allows us to look at any behavior post-first click and apply it immediately to our score card," he commented. The score cards are updated with training data, which analyzes live data to create new predictors, every 5-20 minutes. "[The] coefficients will change according to whose clicking on what in that second click experience," Castillo claimed.

In theory, the company's new SecondClick technology will allow advertisers to have real-time predictors based on second click data. This technology, along with their new mobile RTB platform, are gearing Voltari up for what they think is the future of mobile advertising. While the growth of RTB in mobile hasn't skyrocketed, Castillo argued that it has met expectations, and, in the near future, will take off.

Worlds Collide: The New Data-Focused CMOs and Their CIO Counterparts

Role of CMO is Morphing to Embrace Technology

By:
Kate Kaye

Published: May 21, 2013

Sheryl Pattek, Forrester Research

In 10 years, there will be 50 billion industrial machines connected to the internet, predicts Stephen Liguori, executive director-global innovation and new models at GE. The 123-year-old firm calls it the "industrial internet" and it's the next wave of the consumer-focused internet of things connecting everyday products to data-collecting platforms.

The phenomenon is a ways off but GE is working to generate technology that collects and parses data to create greater efficiencies for businesses such as aviation, health care and "for folks that work in the power grid," said Mr. Liguori, speaking yesterday afternoon at the Ad Age Marketing and Technology Summit at Internet Week in New York.

Mr. Liguori joined a host of other marketers to discuss the new tech- and data-driven CMO and the increasing need for CMOs to work in tandem with CIOs to manage the vast swaths of data generated int his new era.

Nationwide CMO Matthew Jauchius, who works closely alongside CIO Michael Keller, offered a glimpse of what tomorrow's marketer looks like. The company spent $100 million to build an integrated database platform for storing and analyzing CRM, sales and other data that was previously stored in disparate places. Mr. Jauchius and Mr. Keller worked together on development of the platform, completed in 2012.

Data should be an "enterprise asset" not a "departmental asset," stressed Mr. Jauchius.

Marketers should have a plan for IT, said Sheryl Pattek, VP and principal analyst at Forrester Research, adding that CMOs must be involved in vetting technology vendors, historically a job for the CIO that marketers ignored. Marketing execs should "step up and own that infrastructure," she told the audience.

The CMO-CIO connection is manifesting in a variety of ways. For Eric Pearson, the CIO at InterContinental Hotels Group, that means rethinking the role to better reflect the importance of technology when it comes to the customer experience. Mr. Pearson was the hotel firm's CMO before being named CIO.

"I firmly believe that technology is such a commercial enabler of the business," he said, noting that the commercial experience he gained as CMO is helping him achieve that with his technology purview.

Perhaps the meaning of CIO should reflect the new reality, continued Mr. Pearson, suggesting it could stand for chief integration officer, chief insight officer or chief innovation officer.

"At IHG I've been putting a little bit of marketing into technology and helping educate them in the importance of marketing," said Mr. Pearson. "Having them attend marketing conferences, reading marketing collateral."

Eduardo Conrado, senior VP-marketing and IT at Motorola Solutions, had his own twist on the evolving relationship between marketing and IT. The former CMO of Motorola Solutions in

January was elevated to a role into which marketing and IT report. About 18% to 20% of his company's marketers work in technology these days, said Mr. Conrado.

To truly wrap their heads around technology, marketers might consider learning to code -- at least enough to understand its possibilities, said Razorfish CEO Bob Lord and CTO Ray Valez. They pointed to online opportunities for such development, such as Coursera or Udemy.

"That's actually a great, great, great suggestion," affirmed GE's Mr. Liguori.

P&G Launches Major ROI Review

Under Pressure, U.S.'s No. 1 Ad Spender Examines How It Measures the Impact of Its Outlay.

Published: May 20, 2013

Procter & Gamble Co. is the U.S.'s largest ad spender—and now it's embarking on a major review of how it measures the impact of that $5 billion-plus annual outlay.

The move comes only two years after adopting a new system for measuring return on marketing investment and amid investor pressure for the world's biggest advertiser to get more bang for its marketing bucks.

Two years ago, P&G consolidated marketing-mix-modeling efforts with Nielsen and brought on DemandTec, an IBM company that worked with Nielsen to deliver monthly ROI reports supplementing the annual or quarterly analyses the company used in the past. P&G scrapped DemandTec after getting readings that varied widely month to month and sometimes didn't gibe with analyses by Nielsen and others, according to people familiar with the matter. (P&G and Nielsen declined to comment.)

The U.S.-focused review looks to try something beyond the marketing-mix modeling P&G and many others have for years used to judge marketing efficacy. According to people familiar with the matter, P&G has been talking to MarketShare Partners, ThinkVine and Marketing Evolution, all of which at least in part use approaches other than marketing-mix modeling.

The effort aims to better capture impact of digital media—including social and search—and explain sales trends P&G's models sometimes can't. The idea is to start relatively small—with five brands—then expand to as many as 20 before rolling out any system companywide.

The impact could be huge. P&G spent $2.8 billion last year in U.S. measured media, according to Kantar Media, but ROI models also cover broader spending, including another $3 billion to $4 billion in trade and consumer promotion.

LAGS COMPETITORS

While P&G's measured spending fell 5% last year, according to Kantar, the company plans to hike spending this quarter and through the balance of the fiscal year ending June 30, Chairman-CEO Bob McDonald said last month. Globally, P&G's reported $9.4 billion in ad spending last year, which was up 25% in three years.

But P&G's organic sales growth continued to lag behind Unilever, L'Oreal and Colgate-Palmolive Co. last quarter. Hedge-fund manager and P&G investor Bill Ackman said at an investor conference earlier this month that Mr. McDonald may need to go if P&G's results, including the top line, don't improve within three quarters.

Sanford C. Bernstein analyst Ali Dibadj said P&G is under pressure to improve the impact of its marketing spending because investors are questioning whether it can improve its top-line growth. "The question is no longer can they cut costs ... but as they're spending more and more money, it doesn't look like they're helping the top line."

But P&G Chief Financial Officer Jon Moeller at a Goldman Sachs conference May 14 pointed to steady improvement in market-share trends in the U.S. and globally in recent quarters and predicted better things still from coming product launches.

Leading the ROI review is Patrick McGraw, P&G's director of consumer and market knowledge. He also directed the effort two years ago to consolidate work with Nielsen and DemandTec, according to people familiar with the matter.

Marketing-mix modeling has always had critics, but is getting increased scrutiny. CBS Chief Research Officer David Poltrack has been leading a Council for Research Excellence examination of issues surrounding use of the models and plans to push the Advertising Research Foundation, which he chairs, to launch a quality inquiry into the models.

A P&G spokesman said the company "anticipates some industry analysis on marketing-mix models in the coming weeks" from the CRE and ARF, and after that "we'll consider if there's anything we would say publicly." But he declined to comment on relationships with individual suppliers

ALTERYX RAISES $12M TO MAKE PREDICTIVE ANALYTICS USER-FRIENDLY

By Derrick Harris

Analytics provider Alteryx has raised another $12 million as it tries to make statistical analysis a more consumer-friendly experience.

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photo: Shutterstock / ramcreations

Alteryx, an Irvine, Calif.-based startup trying to be a hybrid of Tableau and statistical analysis software like SAS or R, raised $12 million in an extended Series A round. Newcomer firm Toba Capital led the round, with existing investor SAP Capital also contributing.

President and COO George Mathew says the company's mission is to be a one-stop shop for statistical analysis. It wants to be the one place where analysts and data scientists can blend their data, model it on it and then visualize it. Often, he noted, that same process might require two or three separate products.

Another feature that Alteryx hopes will set it apart is its collection of prebuilt models in what the company calls an analytics gallery. Users can share their own work or find models others have built for tackling similar issues. Alteryx also offers up its own pre-formatted datasets for analysis, often public data such as the U.S. census.

"The canvas for creating an analytics application should never be blank for the analyst when they're getting started," Mathew explained. They often need to understand external data as well as their internal data, so Alteryx's software gives them easy access to it.

Because it’s based on the R statistical-programming language, heavy R user Walmart has been able to transition some workloads to Alteryx when employees need an easier user experience. McDonald’s uses it to analyze data about franchisees and about its growth strategy in China, and Bloomin’ Brands (parent of company of Outback Steakhouse and other restaurants) is using it to help build menus that take into account what diners in various parts of the country prefer to eat. Nine of the 10 leading top wireless providers providers are also users, Mathew said, trying to blend actual call data with traditional sources such as customer service data.

Mathew compares Alteryx’s current growth as analogous to software-as-a-service applications like Salesforce.com in the CRM space, or even Tableau in the traditional business-intelligence space. In a business world increasingly driven by at least the idea of big data, one might expect any vendor pushing a more consumer-like purchase and consumption experience to get interest from companies tired of dealing with legacy software or never wanting to experience it in the first place.

“The disruption that’s happening is creating a new space for ourselves,” Mathew said, “without having to go head to head, frankly, with the a status quo out there.”

4 MARKETING BUZZWORDS THAT SHOULDN'T SCARE YOU

Andrew Edwards | May 20, 2013 | 1 Comment

Perhaps you've noticed certain buzzwords that attempt to define a changing landscape in digital analytics: "big data," "mobile marketing," "predictive analytics," and even a term I coined here in 2012: "convergence analytics."

Convergence analytics encompasses all of the emerging trends, and you can download the free report about that here.

But somehow you have to navigate the next couple of years as new measurement paradigms mature and become mainstream. Understanding what's behind the buzz can help.

First, let's deconstruct some of the buzzwords - it tends to make them less scary. Then after each definition, we'll add a few notes as to what you can do now to take advantage of what's really going on.

Buzzwords and What to Do

1. Big data. There really is no such thing. It's a term used by business journalists and product marketers to create fear and doubt for the digital marketer. Yes, lots of data is being collected. Yes, there are tools that now can analyze multiple streams of data. Yes, you should try to make decisions based on data. But "big data" is not an enterprise in and of itself. It's just a word for "lots of data" and some of the practices evolving as folks try to utilize that data.

What you should do. Find out what kind of data is being collected within your organization, and how much of that might affect marketing (in a broad sense). Decide what data might help you make decisions and take a look at its current form. Determine if you can use it as-is, or if you need to pull it into a tool you a) already have or b) need to subscribe to that will help you make decisions. The keyword is "decisions." If you can't use the data to make any decisions, leave it alone.

2. Mobile marketing. Ask five experts about this and you'll get five different answers. No one really knows if this is a category yet, or several categories, or what the rules are, or how to win at it. Again, application vendors enjoy talking about "mobile marketing" because they want to sell a tool that some marketers may use to "optimize" their "mobile marketing." But we haven't even figured out what success looks like, and on what devices. And if you don't have a mobile strategy yet, you're not alone.

What you should do. Decide what platforms matter to you. Do you need to reach people on their smartphones? Or maybe just their tablets? Or both? Do you need an app to deliver the full value of your product or service? Or do you want to deploy adaptive screen technology (e.g., your site looks different depending on the device being used to view it)? Are you advertising to people on their smartphones? Or not? Does your product or service gain any particular relevance by being specially constructed for mobile users? And most importantly, where do your customers convert: on a device or in a browser? If you can start answering these questions, you will have the foundations for what is commonly called "mobile marketing." The healthy approach is to go through some of the above exercises and then decide if you need a mobile strategy at all. Depending on your business, you may, or you may not!

3. Predictive analytics. It sounds like you should now expect to see into the future and ensure outcomes. Except not. Predictive analytics is essentially a data modeling exercise that looks at historical trends related mostly to campaign ROI and then allows you to review them in a dashboard. Then, in the same dashboard (generally), you can change some of the parameters - chiefly, how much you would spend on a campaign - and then allow the data model to extrapolate that out into the future. So, if you then advance the date range of your report into the future, you can see what your "future ROI" might look like. Often, these predictions turn out to be fairly accurate but there's certainly no guarantee.

What you should do. If you have a large marketing group that does lots of campaigning, you should certainly be tracking campaign success and trying to determine best outcomes for future campaigns. If you want to automate this somewhat, look for the predictive capabilities already built into your measurement tools. Many digital analytics tools today have some predictive capabilities in them, and often these are overlooked. You may need some help from the vendor or an outside expert getting these capabilities implemented, but the insights can be very useful when properly modeled. Hint: this capability is more commonly included in the existing tools on the market than you might think (because it's not very complex from a technology point of view).

4 . Convergence analytics. This term defines the confluence of technologies like: multi-channel data collection, powerful algorithms, and sophisticated display layers. The results can be powerful - a little bit like what used to be called "business intelligence" - but with a kinder, gentler approach. And geared specifically for marketers. There are at least 50 and probably more than 50 vendors converging on this space right now: all laying claim to the ability to connect lots of disparate data sources and put them into one dashboard or a series of dashboards.

What you should do. Accept the multi-channel future. Web analytics or any analytics in a silo just won't make hay anymore. The new paradigm is to mash data together and find correlations. The warning is: beware of false positives. Just because trends look similar doesn't mean there's causation between one and another. But there's no doubt that looking at multi-channel data in an aggregated form can lead to rich insights.

NEW INDEPENDENT RESEARCH REPORT NAMES LEADERS IN MARKETING MIX MODELING

PR Newswire

LOS ANGELES, May 21, 2013

LOS ANGELES, May 21, 2013 /PRNewswire/ -- In a new **Forrester Research, Inc.** report, MarketShare received the highest scores in all three of the top line categories measured by Forrester's Wave methodology – Strategy, Market Presence and Current Offering. The report also named MarketShare a leader for the second time in a **Forrester Wave™**. MarketShare's scores emerged from a rigorous evaluation of marketing mix modeling by Forrester that identified the providers that "matter most" and evaluated them against 63 individual criteria.

According to Forrester, an independent research firm serving global leaders in business and technology, "MarketShare earns its position as a Leader specifically for its innovative approach to marketing mix and its deep analytical capabilities." Describing leaders as "analytic visionaries," Forrester said **MarketShare** "has the right mix of strategy consulting and change management services, customized modeling expertise, an easy-to-use mix and optimization tool, and in-depth cross-industry and domain expertise."

"The message coming out of this Forrester Wave™ report couldn't be better for our clients who trust our solutions to help make better decisions," says Wes Nichols, Co-founder and CEO of MarketShare. "Our top scores in Strategy, Market Presence and Current Offering, along with Forrester's description of leaders as 'analytic visionaries' reinforces for us the market perception that we're leading the way in predictive analytics. Read the full report from Forrester and see for yourself why our fast-growing roster of major global companies is moving the industry beyond traditional media/marketing mix modeling, digital attribution and other 'Analytics 1.0' solutions, and toward integrating analytics across their entire organizations." (MarketShare's vision of "Analytics 2.0" was featured as the March *Harvard Business Review* cover story.)

The Forrester report cites a MarketShare client's own words, saying, "The depth and breadth of experience of the leadership and the support team is significant and not likely to be found with another vendor." MarketShare's top ranking in the report's "Current Offering" category encompasses services, technology/software, data, methodology, analysis and Net Promoter Score (NPS). Its top-ranked position in "Strategy" covers: management team strength, along with corporate, product, and global strategy. Under "Market Presence," where MarketShare also earned the top score, the individual criteria were: financial stability, global footprint, customer base and packaging.

In its new report, Forrester describes an evolving market that "is growing as marketers increasingly appreciate different methodologies and the unique insights that support them in making key budget allocation decisions." Leading vendors "have the capability to act as strategic partners advising clients on communication, marketing and business strategy decisions," the report says.

The Forrester Wave™: Marketing Mix Modeling, Q2 2013 – written by Tina Moffett, Customer Insights Analyst, and Luca Paderni, VP and Research Director - Marketing Leadership Practice at Forrester – also highlights the evolution of marketing mix modeling as it expands into consumer and business insights. With cheaper computational power and increasingly complex statistical model capabilities available to them, marketers can now uncover insights on consumer behavior and marketing performance across all channels, even down to the campaign level.

"There's a reason why half of Fortune 50 companies have worked with MarketShare, and that our software now influences the allocation of $10's of billions in marketing investments," says Nichols. "And we believe it's the same reason Forrester found us to be a leader: MarketShare's track record of groundbreaking strategic solutions and software innovations, pushing the boundaries of what marketers once thought impossible, is delivering bottom-line results that brands can't ignore."

The complexities resulting from today's multi-channel world are leading to traditional marketing and mix analytic methods being displaced by solutions like those offered by MarketShare, as marketers are demanding ever-more sophisticated solutions. Marketers who read Forrester's latest report will now have a clear mile marker for helping them choose the best partner to bring order to chaos and move beyond traditional media and marketing mix modeling.

Apply fact-based marketing mix optimization solutions to marketing investments to drive 40% improvements in your marketing effectiveness

- Use fact-based, predictive analytics to optimize future marketing investments to drive increases in sales, profits and share
- Balance short term marketing and promotion tactics with long term brand building needs
- Understand ROI for each off-line and online media channel, campaign and execution (i.e., search vs. circular vs. TV)
- Optimize allocation of traditional media vs. digital media and determine the synergies between the two
- Quantify the value and impact of emerging/new digital media (Facebook, Groupon, Foursquare, mobile aps, etc.)
- Lock into the right mix of marketing investment by DMA, region, country and "go to market" channel
- Determine which media vehicles and campaigns are most effective at driving revenue, profits, share and consumer segments
- Understand the economic, competitive, seasonal, weather and operational factors impact on sales by key time period
- Quantify the ROI of improving marketing effectiveness in terms of sales, profits, share and target consumer growth

Marketing Metrics Must Predict as Well as Describe

In a recent post at Marketo's B2B Marketing and Sales Blog, Jon Miller identified six categories of marketing metrics to avoid. Jon's primary criticism of these metrics is that they relate very little to the financial outcomes (revenue growth and profitability) that are of the greatest interest to CEOs, CFOs, and other senior company leaders. When marketers use these kinds of metrics, it doesn't help their credibility in the C-suite.

Here are the six categories Jon identified:

- ***Vanity metrics -*** These are "feel good" measures such as press release impressions, Facebook "Likes," and names gathered at trade shows.
- ***Measuring what is easy -*** These are metrics that take the place of revenue and profit measures because they're easier to capture.
- ***Focusing on quantity, not quality -*** A good example is measuring the quantity of leads generated, but not their quality.
- ***Tracking activity not results -*** Senior company leaders care about results, not activities.
- ***Efficiency instead of effectiveness -*** Effectiveness metrics do a better job of convincing company leaders that marketing delivers real business value.

- ***Cost metrics -*** Jon contends that these are the worst kinds of metrics to use because they frame marketing as a cost center, rather than a revenue generator.

I agree with Jon that marketers should usually emphasize revenue and profit metrics when communicating with CEOs and CFOs. However, it's often necessary to use other types of metrics to provide a complete picture of marketing performance. This is particularly true when you need to communicate to senior company leaders why and how current marketing activities and programs will drive future revenue growth.

One limitation of financial measures is that they are ***lagging indicators***. They measure the financial consequences of past marketing activities, but they can't measure how today's marketing activities will affect future financial performance. You can, of course, use financial projections, but unless those projections are supported by sound and convincing evidence, their accuracy and value will be questioned.

In many cases, therefore, the most meaningful marketing metrics will be non-financial measures that are ***leading indicators*** of future financial results. When marketers use these kinds of metrics, they must be prepared to demonstrate that the metrics they've selected are truly leading indicators of future financial performance. In other words, you must be able to "connect the dots" between the metrics you're using and the financial results that senior leaders care about.

For example, a company blog rarely produces revenues directly for a B2B company. Not many people will read your blog and immediately call you to make a purchase. However, a blog can be an effective tool for attracting the attention of potential buyers and generating leads for your business.

The most obvious metric to use with a blog is "number of readers," but that metric will not be compelling to senior company leaders if it's used in isolation. To make this metric meaningful, you need to demonstrate that increasing the number of blog readers will contribute to future revenue growth. More specifically, what you need to do is "connect" blog readership to revenues by providing your senior leaders answers to the following questions:

- How many blog readers register to obtain access to other content resources?
- How many of these identified leads are affiliated with organizations in your target market?
- How many of these identified leads become sales-ready leads?
- How many of the sales-ready leads become legitimate sales opportunities?
- How many of these sales opportunities result in a closed sale?

- How much revenue is produced by these sales?

When you answer these questions, you can link blogging to revenues and demonstrate the value of your blogging program to senior leaders.

Including non-financial leading indicators in your marketing measurement system is particularly critical if your company offers complex products and has a long revenue generation cycle. In these circumstances, many marketing programs will contribute to revenues that won't show up on the income statement for several weeks or months. Leading indicator metrics provide the mechanism for demonstrating the value of marketing programs that take time to bear fruit.

WHY PREDICTIVE ANALYTICS MATTERS TO CMOS

Predictive analytics has become a buzzword for marketers on the quest to get to know their customers better, but how do CMOs utilise this methodology and the latest technology innovations to maximum benefit?

Predictive analytics is being touted as the best way for marketers to unearth fresh insights into their customer base using the wealth of data, technology tools and data science skills now at their disposal.

In the recent Temkin Group report Prepare for Next Generation VoC Programs, 72 per cent of respondents cited predictive analytics models and open-ended verbatims as increasingly important sources of customer insight over the next three years. Of the large companies with more than 500 staff surveyed, 26 per cent claim to be using predictive analytics software and 36 per cent use text mining software already, with the same ratio of both actively considering investment.

But without the right approach from the CMO and business support, projects can fail to deliver the significant returns they should. So what problems can predictive analytics help the CMO to solve, how do you get started, convince your executive peers of the need for such an investment, and gather the right data to achieve the right outcome?

Big data battle

Predictive analytics is not a marketing-specific methodology or activity, but it is gaining wider application in this sector for a couple of reasons. The first is the availability and cost-effectiveness of technologies delivering the horsepower to churn through immense amounts of data. Increased levels of automation in the marketing function, along with the push to **understand consumer behaviour through insights hidden within big data,**

are also prompting more marketing chiefs to adopt predictive analytic solutions to drive sales and efficiency.

Well-entrenched applications of predictive analytics already exist outside the marketing sphere such as fraud detection and credit risk profiling, while regular users of the methodology include law enforcement, government and pharmaceuticals. Of course like most things, predictive analytics as a concept and intention is not new, and has its roots in data mining, response modelling and statistical regression.

Eric Siegel is founder of and author of the book *The power to predict who will click, buy, lie and die*. He whittled down predictive analytics in marketing to two main goals: Who is going to buy, and who is going to cancel. The defining characteristic of predictive analytics and what separates it from forecasting is the ability to generate predictions for each individual customer or prospect.

“It’s the holy grail of marketing – to proactively pounce on every individual customer opportunity,” Siegel told *CMO*. “Making a prediction about each individual is not such a crazy idea. You could have a business rule for customers who fit into a certain segment based on profile, purchases of a particular product, or geography. That’s the ‘if’ part of the rule. The ‘then’ part of the rule might be that these customers are three times more likely than average to cancel their subscription.

“Whatever the business problem is you’re trying to solve, you’re applying each of these rules to assign probability to an individual. It’s not about making accurate predictions, it’s about better predicting outcomes.”

Like most marketing innovations today, data lies at the heart of successful predictive analytics projects. All industries are getting excited about data because it represents an experience and an aggregate recording of things that happened in the company or brand’s history, Siegel claimed.

“Predictive analytics is a technology or methodology that learns from that experience and works out how to predict,” he explained.

“There is a lot of excitement about big data right now, but discussion often sidesteps the most salient question, which is: ‘What is the point of that data and where’s the value?' The most actionable thing you can get from data is predicting. These predictions directly inform the action, treatment, recommendation, contact or retention on a per-customer basis across millions of customers. It’s the automation of millions of decisions based on millions of decisions.”

What predictive analytics is doing for marketers

Among the applications of predictive analytics in marketing are recommendation engines for cross-selling and upselling, customer churn, and retention programs. John Elder, the founder of data mining specialist consulting group Elder Research, said text analytics is another area gaining popularity, and some companies are even starting to use link analysis to identify connections between customers and account holders.

The US-based company has customers from all industries and describes predictive analytics as a way of addressing the “needle in a haystack”.

“The meaning of predictive analytics is relatively simple: It gives me the ability to help my sales team focus on the best opportunities,” Mindjet global CMO, Jascha Kaykas-Wolff, said. “The complications and complexity of the way you deploy predictive analytics feeds into that equation, but put simply, it’s about providing clarity to the sales organisation about which opportunities they should talk to.”

The US-based company provides collaboration and project management tools and claims 83 per cent of the Fortune 100 as customers. It has already invested in employing a third-party agency to undertake several predictive analytics projects and is now looking to invest in a software solution.

Alongside the technology improvements, Kaykas-Wolff attributed the rise in predictive analytics to a change in the way companies structure their sales capability. “Sales organisations are increasingly looking at traditional enterprise sales as being inside-sales driven,” he claimed.

“The model we had in the past of expensive enterprise sales people in the field, looking for a specific buyer, doesn’t make sense anymore. The dynamic today is to have groups of people inside your company looking at opportunities opening up through your website and digital channels, who then try to mine through that data about those prospects and customers and ultimately convert them.

“When you have a lower-cost product and sales organisation, you need a way to make sure you’re filtering out the deals that will take a long time to close and bring the cost of sale to a level that suits the business.”

Predictive analytics in action

One of the hottest applications of predictive analytics is around customer churn or attrition. A local example is American Express’s global B2B marketing team, which is using predictive analytics to identify at-risk customers who otherwise look healthy in its database. Through a pilot project, the company was able to improve identification of attrition risks by 8.4 times, and arm their marketing and sales staff with more accurate lists of individuals to target with retention campaigns and communication.

Another high-profile and controversial international example of the insights that can be achieved through predictive analytics is from US retailer Target. The company successfully predicted one of its customers was pregnant before her father knew when using predictive analytics to apply a pregnancy prediction score to new parents-to-be.

Siegel estimated organisations using predictive analytics to solve a particular customer problem will increase response and/or decrease costs by 15-30 per cent.

“You can’t afford to give your retention offer to your entire customer base, so it has to be effectively targeted,” he said. “If your top 40 per cent of customers actually includes 80 per cent of those who will respond, then you’re going to cut your costs by 60 per cent, because you’re going to suppress the other 60 per cent of your customer list and only sacrifice 20 per cent of the sale. That makes the bottom line skyrocket.”

At Mindjet, predictive analytics is being applied to inbound trials of its software and activity inside those trials. Resulting data is then fed to the sales team to direct activity.

“The relationship between predictive analytics and the marketing and product teams is pretty important as well,” Kaykas-Wolff said. “Because we are in the SaaS [software-as-a-service] business, the relationship between those two data sources is important to use.”

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Lattice Engines is a consultancy group which uses predictive analytics to help brands better their sales and customer insights. Clients include Staples, Adobe, Wolters Kluwer, Hewlett-Packard and Microsoft.

According to founder and chief, Brian Kardon, companies employing predictive analytics see an average of 20-40 per cent improvement in revenue. As an example, he pointed to his client, Internet networking vendor Juniper Networks, which looked to better identify suitable prospects for its sales team to pursue.

“There are thousands of variables that can trigger people to buy switches and routers, such as a change in the company’s size, or a new CIO,” Kardon said. “Using predictive analytics, we identified one variable which accounted for 60 per cent of an account buy, and that’s companies that have signed a real estate lease within the past 30 days. These companies are 10 times more likely to close than someone who hasn’t moved offices.

“Could a sales rep find that out by themselves? No, because every organisation and territory has a different way of filing leasing information. We also identified five products out of Juniper’s 500 SKUs that are most likely to be purchased by those signing leases. So instead of focusing broadly on prospects, we enabled Juniper’s sales team to focus on signing up key accounts that were almost certain to convert.”

The result was quicker sales and conversion rates, as well as an improved performance right across the sales cycle, Kardon said.

In another example, Lattice Engines worked with the life sciences division of GE to find out who its sales team should target first to purchase its specialised lab equipment. “What we discovered was that those that had just received a government grant were eight times more likely to purchase equipment,” Kardon explained. “But when it came to labs that worked on a particular type of protein, we found they were 50 times more likely to buy GE’s lab products.”

By using historical data to learn from a company’s previous customer transactions and history, Lattice Engines was able to apply the knowledge to an Internet and academic search to find new prospects for GE. For both Juniper and GE, the process involved looking at thousands of purchases and different attributes of its customers over a two-year period.

In the case of its work for Dell, Lattice Engines helped the sales team understand what products are best pitched at which existing accounts in order to improve the technology manufacturer’s upsell rates. This involved looking for patterns in the purchase history, as well as researching existing customers looking for new job listings, recent venture capital injections and office relocations.

“Many companies know the business triggers but can’t prove it, or have this kind of ‘tribal’ knowledge within their sales division,” Kardon said. “By using big data, we can prove and predict where best to position efforts for maximum return.”

How CMOs make it happen Anametrix CEO and former CMO, Pelin Thorogood, claimed marketers are in “spring training” right now when it comes to interpreting data and utilising predictive analytics. The company produces business intelligence and data analytics technology tools to help companies drive better data insights.

“Part of it is data scientists and the people manipulating the data don’t understand the business side, and the people understanding the business side don’t really know how to manipulate the data,” she said. “It’s important for people to speak each other’s language so the analysis is done in a much more holistic manner and they can truly answer the right question. There needs to be a lot more conversation between the analytics/data science people and the business people – the general and category managers, plus the brand managers who own the product category and its P&L.”

There are a host of technology products, third-party agencies and data scientists available on the market today that actually do the hard work of predicting but none of these will be successful without certain elements and processes in place.

Firstly, **having a person to champion your predictive analytics project is vital** if you're to gain a measurable return on investment. "I often recommend my customers watch the movie *Moneyball* because it's a great example of success in this field," Elder said. "Brad Pitt plays a real-life person who used analytics in baseball to great effect. He wasn't the analyst himself, but he believed in it, protected the work being done and made decisions using the data. He was the hero of the story and earned rewards as a result."

Having **accessible, historical data in the right format** is another must. Whatever predictive analytics tools, third-party consultant or in-house staff member you employ to do the predicting for you, they will require data and snapshots of customers and information at various points in time if they are to learn how to predict.

"Predictive analytics is never going to solve bad hygiene in sales processes and product marketing," Kaykas-Wolff pointed out, adding CMOs need to have a deep comprehension of how predictive analytics works at least in principle if they're going to get significant returns. "You have to be clear on what your targets are, your pain points, value proposition and on top of that, the price has to match the market needs."

"You also have to understand your business," Elder continued. "We could be great at the data science component, but the best results come from being teamed up with someone who knows their industry, domain, data and the problem so we can learn from each other."

Thirdly, **CMOs must seek senior executive support**, as well as access to plenty of data, Kardon added. "We often find data is kept in siloes where marketing has website information, sales are holding onto CRM and the IT department has purchase history. No one person can make this effective," he said.

"You must first build the case with the CEO. Then team up with sales, IT and your support desk. A CMO can choose the predictive analytics technology, vendor or solution, but when it comes to big data it's about collaboration and data sharing."

It's also important to remember **predictive analytics is only useful if you act on the information generated**. CMOs need to build a plan for what is going to be predicted and what they are trying to achieve. In addition, they must look at how best to give the results of their predictive marketing efforts to the sales team. In this case, Kardon advised integrating the results into the company's CRM, and rank customer lists in order to those more likely to buy.

"You have to flesh out what the business value is going to be and how to act on that prediction, or you're just putting the cart before the horse," Siegel said. "Is Sarah over the wall going to be willing to throw away 40 per cent of the prospect list? As a marketing chief, you must do whatever it takes to make that operational change."

If you're not 100 per cent clear on what the output will look like and aren't willing to incentivise behaviour in the sales organisation or marketing team, it's not worth making the investment, Kaykas-Wolff argued.

"The increases in customer conversion will pay for the technology multiple times over, so often the CEO or CFO will see it as a good investment," he claimed. "It's really the behaviours and changes where the rubber hits the road, and that is the sales organisation. Are they going to accept the data? Where are they going to see it? Will it sit inside of Salesforce, attached to documentation, is it going to change the business process or change the sales pipeline?"

For Thorogood, **next-generation analytics is about finding new information, not proving your own suppositions**. "The key is using the data and analysis to eliminate things you may have not even thought about before, instead of using data to support existing premises, which is really using it as a crutch," she said. "Keep an open mind and leverage data through the edge cases, rather than the cases in the middle of the delta. And really look at it with a holistic understanding of the business, and optimise the forest, don't optimise the tree."

Whatever approach CMOs decide to take, **predictive analytics needs to be treated as a business initiative**, not an IT one. Siegel believed most companies have the potential to do more and better act on the data, while Elder saw further opportunities for predictive analytics around sales attribution across channels and has started pioneering this approach with one of its clients.

"One of the nice things about data mining is that it usually has a direct bottom line affect," Elder said. "But what I would point out is that better companies do things they know won't make them money but will teach them things about their customers. Learning more about customers and what the response rates are in different groups, and not always doing what will give them the more return next week, really pays off long term."

So are you ready to predict?

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- Roi- "Nielsen Catalina Ventures" 12/09. Nielsen Catalina helps CPG marketers and media companies measure and improve ad performance with single-source analytics on all three screens – television, online and mobile. This new single-source capability allows them to identify the most valuable customers, more precisely select media that reaches them, and measure the ROI at a very granular level.
- For CBS, Nielsen Catalina examined sales lifts generated by TV campaigns across 18 different CPG categories to validate the hypothesis that using single-source data to link TV viewing with purchaser data provides new insights that could be incorporated into the media planning and buying process.
- The categories included snacks, prepared dinners, dairy, condiments, soft drinks and frozen items. The campaigns' sales impacts were analyzed through two different lenses: the women 18-49, and behaviorally defined heavy-category consumers.
- Research demonstrated that improving campaign delivery to top category buyers – such as heavy detergent purchasers – can deliver 2.5 times more ROI leverage/sales lift, than improving the delivery to a specific demo, such as women 18-49.
- CBS will use the study and learnings to increase accountability for media buys made by their ad clients by having the ability to measure ROI among specific consumer groups. "Buyergraphics" leverage buyer segments based on purchase

behavior just as demographics use age, gender and income to define an audience. Buyergraphics build on demographics rather than replace them, sometimes including a demographic as an element of the definition.

- “CBS is pleased to work with Nielsen Catalina Solutions to offer clients a new way to grow their return on investment by factoring in brand purchasers as opposed to just looking at age/sex-defined demographics,” said David Poltrack, Chief Research Office
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Measurement, Discovery and Mistakes - Michael Kassan

Published: April 22, 2013 at 4:57 AM PDT

By Michael Kassan

All marketing begins with an insight. But it takes art and science to activate it. For this to work, all media—every touch point, every channel, every platform, every conversation—needs to be effectively represented and accurately measured.

If your plan is cross-platform minus one, it is not a cross-platform plan. You need it all, old and new. Look at how radio and social are both asking the same questions, for example. They share concerns, challenges, and opportunities because they share an ecosystem, each playing a role.

This is not just integration. It's interdependence.

Italian physicist Enrico Fermi said of any analysis, "there are two possible outcomes: if the result confirms the hypothesis, then you've made a measurement. If the result is contrary to the hypothesis, then you've made a discovery."

Every marketer should have this quote tacked up on their wall. But there's a third alternative—if the data that goes into your analysis is flawed, you have neither measurement nor discovery—you have a mistake. Or worse, a confirmation bias.

And as we know, nothing eats up a marketing budget faster than a mistake.

Here again, radio can provide a teachable moment, According to a recent Association of National Advertisers study, up to 70 percent of advertisers rely on Marketing Mix Modeling (MMM) to determine the potential impact each segment of an ad campaign – TV, radio, print, online – will have on sales.

These models are supposed to offer marketers a blueprint that strikes the right balance across several media and extracts the most from their ad budgets. But without reliable data for each medium, the MMM results can be misleading -- resulting in the wrong balance and wasteful ad spending.

Historically, radio data has not been sufficiently timely or appropriately detailed for best use in these models because it was averaged quarterly. Consequently, MMM has consistently under-represented radio's impact on consumers, meaning that the platform is often undervalued or even entirely left out of brands' marketing plans.

But the best counter-argument is one that takes an industry-wide view rather than a platform-centric one. An argument which holds that the right measurement is a rising tide lifting all boats.

That's how Clear Channel approached the challenge. Beyond their own internal research projects, the company partnered in a two-year industry initiative on how radio data can be optimally leveraged by MMM systems. Now that confidence was developed in those models – which demonstrate a better read on radio as well as overall media mix, they are being made available to marketers and MMM providers.

Incomplete measurement can damage any effort.

Good measurement leads to discovery.

Bad measurement leads to mistakes.

Marketers must pay heed to these truths.

Fermi certainly did. He was one of the inventors of the nuclear bomb.

Eye Tracker Finds Which Ads Actually Stick, Pushes 'Cost-Per-Visual' As New Madison Avenue Currency

by Joe Mandese, 3 hours ago

Even as Madison Avenue pushes to raise the bar for ad exposure from an "opportunity to see" to a "likelihood to see," a promising new research technology has emerged that could raise it even further to, well, actually seen. The new research, which is based on state-of-the-art eye-tracking technology, uses consumers' own eye movements to verify what ads they have looked at.

While eye-tracking technology has been around for years, what makes the new system -- dubbed Sticky -- so powerful is that it doesn't apply it in a laboratory or a resting facility, but in the real world, in real-time, while people are exposed to ads online.

"Fifty percent of all ad impressions are never seen," says Jeff Bander, president of Sticky, who recently won the Advertising Research Foundation's "Great Mind Award" for helping to develop the innovative media tracking technology. That percentage, he notes, is the same as the oft-quoted John Wanamaker line: "Half the money I spend on advertising is wasted. The trouble is, I don't know which half."

"Now," says Bander, "we know which half."

Utilizing the webcams built into their own computers and handheld devices, Bander says Sticky has already tracked ads actually seen, or not, among 350,000 consumers. That's 700,000 eyeballs, more or less, creating a new form of media currency that some of the biggest advertisers in the world have already begun to use. Among Sticky's biggest customers is Procter & Gamble.

How Sticky might play into media negotiations isn't exactly clear, but it comes at a time when Madison Avenue is pushing the online industry to adopt a new standard of "viewability" for advertising exposure, meaning an ad has to be viewable on a consumer's screen -- not "below-the-fold" -- for at least one second to be credited as an ad exposure. Fifty percent of impressions are never seen.

"Viewability is nice, but viewability just means that an ad is within the viewable area of a screen," notes Bander, adding: "It doesn't mean a consumer is actually looking at your ad."

Citing estimates from the Interactive Advertising Bureau that as much as 30% of online ads run outside the viewable area of a consumer's screen, Bander says viewability is a good first step, but that the only way to know if someone has actually seen an ad is to track their eye movements.

Sticky was recently re-branded from its original corporate name, Eyetrackshop, to evoke the connotation that only the ads your eyes stick to are the ones advertisers should pay for. Bander says that logic evolved from some early beta work Sticky did with P&G, which wanted to know which of its ads were seen or not seen, in order to develop a "real CPM," or cost-per-thousand for the money it spends to reach consumers.

"Their question basically caused us to reinvent our model," recalls Bander, who says Sticky has refined the notion of a CPM by developing a CPV, or cost-per-visual, which is the actual dollar cost of reaching 1,000 consumers -- or 2,000 consumer eyeballs

Meredith Expands Program Guaranteeing Sales Lift for Big Advertisers

Publisher Adding Product Categories, Opening Up More Slots for Marketers

By: Nat Ives Published: April 29, 2013

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Some major magazine companies are expanding efforts to guarantee that advertising with their brands directly increases sales.

RELATED STORIES

Magazines to Marketers: We'll Prove How Much We Lift Sales

Following Meredith's ROI Promise on Campaigns, Time Inc. to Gauge Ads' Sales Results

Meredith Corp., the publisher of magazines such as Ladies' Home Journal and Better Homes and Gardens, is expanding its program for large advertisers to encompass more product categories, such as pharmaceuticals, and the number of clients it will work with. "We're a multimedia company," said Tom Harty, president of Meredith's National Media Group, which sells digital media as well as magazine ad pages. "We just feel like print gets bashed a little too much."

In the first year of Meredith's program, participating marketers earned an average return of $7.81 for every $1 they spent on ads in company magazines, Meredith said. The program uses consumer purchase data from sources such as Nielsen's Homescan panel to compare sales to households that receive Meredith magazines and a comparable group that does not. So far it has covered categories such as food, beauty and over-the-counter drugs.

Time Inc., meanwhile, plans to add evaluation of tablet and mobile ads to its program this year, a company spokeswoman said. Participating clients have seen returns ranging from $4 to $33, she added.

This kind of research seems likely to become more common. "There are more opportunities to merge media exposure with purchasing behavior," said Jeff Bickel, VP-delivery and analytics at Nielsen Catalina Solutions, which integrates Nielsen's media and household purchase information with Catalina's frequent shopper data. "That's really the heart of this type of analysis: to understand directly that here's a group of consumers, of households, that are exposed to this marketing and are compared to a like group of consumers who did not have that exposure." (Same thing we do with otx)

Marketers increasingly demand some sort of evidence that their ad spending is paying off, and the media sellers that can provide it may get a leg up. "We encourage all of our media partners to bring us more evidence in the form of custom research in order to better understand what is working and what is not, or at least not as well," said Mark Kaline, global director-media, licensing and consumer services at Kimberly-Clark, which participated in the program. "The Meredith sales guarantee was a unique approach to that end and we will be holding that up and encouraging our other partners to have the courage to do the same."

That said, Mr. Kaline added, the overall methods that marketers use to determine return on investment need to be revisited, making a reevaluation of traditional marketing mix modeling now underway at the Advertising Research Foundation "one of the most important efforts in the industry today."

Google Universal Analytics: Benefits of Integrating Call Tracking

April 24th, 2013 by Angelo Tsakonas

Many of you are eager for more insight into Google's newly released Universal Analytics, and we are eager to provide it. Our first blog on the subject gave you the basics and introduced our Universal Analytics integration. Now we're back to dig a little deeper into some of the truly powerful things you can do with the assistance of this new tool to extract more information about your marketing campaigns.

A Broader Scope

The ability to see which ads, search keywords or social media platforms are driving web site visits and phone calls to your business is just the beginning. Google Universal Analytics allows users to view call data inline with all other web metrics right in the standard Universal Analytics reporting interface. No

more having to look at virtual pageview goals that limit your ability to view other metrics/dimensions in contrast with your call data–Ifbyphone sends call data in as a Custom Metric to Google Universal Analytics which will allow you to add a reporting column for phone calls to any report/dashboard you already use daily.

You can also gain valuable insight into where (geographically) visitors are calling from. By adding a column for phone calls to your Visits by Geography report, you are able to see not only where the most visitors to your site come from but also which states, regions, or cities convert the most phone calls for your business. This is an invaluable tool for any multi-location retailer, franchise or business to determine the origin of their call flow.

Your Call Data–Organized

Another compelling aspect of Ifbyphone's Universal Analytics integration is that we attribute your business's calls to the unique Google Client ID that is assigned to each visitor on your site. Not only is this a much cleaner way to integrate call data into Universal Analytics, but you can now see how your users are interacting with your site and how that interaction leads to or generates phone calls.

For example, you can view the actual page a user was on when they picked up the phone and called you, or see if they made an online purchase before calling. You can also see how a person who originally found your site from a paid search ad and contacted you via web form, returns to your site via organic search and then calls. Needless to say, the amount of information that can now be mined

about your customers' activities—not to mention the connections being made within your marketing strategy—is much broader, and much more valuable. These metrics enable you to optimize not only your marketing campaigns, but your overall website experience as well.

Take More Action

We built our GUA integration using events as opposed to virtual pageview Goals. This not only changes the way we get our call data into Universal Analytics but also allows you to take more action with this data. For example, if you are A/B testing pages on your site and rely on phone calls as a conversion metric, you can now use calls to your business as a Content Experiment Objective.

Do you see the possibilities? Universal Analytics provides a much broader landscape in your marketing campaigns than ever before, and with Ifbyphone's integration, you're able to explore that landscape without missing a thing.

Have you seen a demo of our Universal Analytics integration yet? If not, do it now to start taking an active approach to your marketing campaigns. Also be sure to stay tuned for our next post in this series, we will be giving you a step-by-step how to on setting up your Ifbyphone Universal Analytics integration.

The Future Of Advertising Is Facial Recognition

April Joyner, Inc. | Apr. 27, 2013, 12:00 PM | 2,211 | 8

Affectiva

If Rana el Kaliouby has her way, you will never have to channel surf again. Affectiva, the company that el Kaliouby founded with MIT colleague Rosalind Picard, develops technology that reads minute facial expressions to measure emotion. A television equipped with a webcam and Affectiva's technology could determine which shows you like to watch, given your past emotional reactions to them, and program your television accordingly.

Affectiva's facial-reading software, Affdex, is already being used by major advertisers, including Unilever and Coca-Cola, that previously depended on focus groups and surveys to test ads. The problem with the old approach? It requires people to self-report their reactions. Affdex is more scientific. It records viewers as they watch ads on their computers and uses an algorithm to analyze subtle facial cues, drawing from a database of more than 283 million facial frames. Then it adds viewers' moment-to-moment reactions to a timeline for the ad, so companies can see precisely which segments might need tweaking. Affdex also determines if each viewer's overall reaction was positive or negative.

Since its launch in 2011, Affdex has helped measure audience sentiments for several high-profile events, including the 2012 U.S. presidential debates and this year's Super Bowl. The technology has spread globally, too: Affectiva's algorithm now includes data from viewers in 35 countries. Its ability to detect cultural differences in audience reactions has proved especially valuable to advertisers, says el Kaliouby, Affectiva's chief technology officer. For instance, when one company tested an ad in Brazil, it found an enthusiastic reception in one region of the country and a lackluster response in another. "If they find these things out earlier, advertisers can save millions of dollars," el Kaliouby says.

Originally, Affectiva's technology was developed for a far different purpose. El Kaliouby and Picard, an MIT professor and Affectiva's chief scientist, were developing a device that could respond to users' emotions, with the aim of helping autistic children communicate better. They realized that companies and researchers could benefit from the technology. In 2009, MIT's Media Lab spun off the project into a separate company. That year, David Berman, formerly the president of WebEx, joined as CEO.

Since then, Affectiva has grown in large part by signing partnerships with market research companies, including Millward Brown and InsightExpress, both of which offer Affdex to customers. It has raised $21 million from investors, including Kleiner Perkins and WPP.

Eventually, Berman says, the technology could be used to test websites for ease of use or become a more scientific version of Facebook's Like button. In the next two years, Berman envisions Affdex becoming a complement to "smart" televisions that can understand people's preferences. "If my wife and I both like to watch the same show, it will fine-tune the algorithm," he says. "It puts the emotion back into viewing."

Measuring ROI of Social Media Efforts

Measuring the ROI of social media has become on of the biggest challenges for businesses and agencies alike. The presentation explains how both e-commerce and non e-commerce websites can measure social media return on investment.

Social Media ROI for E-commerce Sites

E-commerce sites can track social media sales and visitors by adding the Google Analytics e-commerce tracking code to their site. By setting up goals and using the conversion reports feature in Google Analytics, you can determine when a visitor has converted into a customer or lead, as well as the number transactions completed by social media visitors from a specific network. (i.e. Twitter, Facebook, Pinterest, etc.)

Savings: Social Media vs. Paid Media

Are your social efforts generating more results than what you would see with paid media?

This can be answered by calculating how much it would cost to buy the same number of social impressions and actions with paid media as you do organically. To determine actual savings, use the Facebook ads, Twitter promoted tweets, YouTube promoted videos, and Google AdWords PPC advertising prices in your calculations.

Let's End the Obsession with Marketing ROI

Periodically, I feel the urge to rant about the current obsession with marketing ROI. I say obsession, not because marketing ROI isn't a very important measure of marketing performance, but because marketers now seem to feel compelled to calculate the ROI (or a projected ROI) of almost every marketing activity - even when the ability to accurately measure ROI is questionable at best.

I published my last rant on this topic in January of last year, and Stop Trying to Measure Marketing ROI has become one of the most popular posts at this blog. I won't rehash all of the arguments here, but the biggest challenge in measuring the ROI of an individual marketing program is revenue attribution. In order to calculate the ROI of a marketing program, you must know how much incremental revenue the program produced. If you can't accurately attribute revenue to a marketing program, you can't calculate an accurate ROI.

I was thinking about this topic when I came across a post at the Harvard Business Review Blog by Alnoor Ebrahim, an associate professor in the Social Enterprise Institute at the Harvard Business School. Ebrahim's post discusses how three "social action" organizations measure the performance of their programs. The focus of the post is whether the organizations only measure the immediate outputs of their programs, or also attempt to measure ultimate impacts or outcomes.

For example, Acumen Fund is a venture philanthropy fund that invests in social enterprises in Africa and Asia. Its primary social metric is the number of lives reached in poor markets. If Acumen invests in a company that manufactures anti-malarial bed nets, it will count the number of nets made and distributed. Acumen does not try to measure ultimate outcomes such as reduction in malaria or improvements in health, because it believes that measuring ultimate outcomes is too complicated, expensive, and impractical.

Robin Hood Foundation is a grant-making foundation whose objective is to fight poverty in New York City. When Robin Hood makes educational grants, it first identifies a set of results that can be easily measured - increased school attendance, scores on standardized tests, and high school graduation rates. Then it attempts to find third-party research studies that correlate these near-term results to expected lifetime earnings or quality of life (the ultimate desired outcomes). Robin Hood uses these studies to estimate the ultimate benefits of the programs until direct measurement (or better research) is available.

Professor Ebrahim argues that organizations must be realistic about measuring ultimate impacts: "Surely measuring impact matters but we need to be realistic about the constraints. It requires a level of research expertise, commitment to longitudinal study, and allocation of resources that are typically beyond the capabilities of implementing organizations. It is critical to identify when it makes sense to measure impacts and when it might be best to stick with outputs - especially when an organization's control over results is limited and causality remains poorly understood."

So, what does this have to do with marketing? I would suggest that the measurement challenges facing marketers are similar to those faced by these philanthropic organizations. Marketers would like to quantify the impact of every marketing program on revenue growth (the ultimate desired outcome), but that may not be realistic in some situations

In today's B2B marketing environment, prospective customers will be exposed to numerous marketing messages and programs over the course of their purchase journey. On top of that, for B2B companies that offer complex products or services, personal selling plays a significant role in driving new sales.

The issue is: How do you accurately attribute revenues across all of the marketing and sales activities that play some role in the generation of those revenues? With the use of extensive, longitudinal testing and marketing mix modeling, it may be possible for a company to arrive at a reasonably accurate attribution of revenues. However, these techniques require significant expertise and can be very expensive to use. As a result, few companies go this far. Research by the Lenskold Group indicates that only 11% of companies use test and control groups, and only 3% use market mix modeling. Without these techniques, it can be all but impossible to accurately attribute revenues in a comlex demand generation environment.

For most companies, the more practical approach is to measure the outputs of individual marketing activities and to correlate those outputs to revenues without trying to attribute a specific dollar amount of revenue to each activity. With this approach, you can judge the value of an individual marketing activity without needing to use arbitrary revenue attribution to calculate ROI.

For a thorough and less "ranty" discussion of this topic, I recommend that you take a look at this recent post by Jon Miller at the Marketo B2B Marketing and Sales Blog.

The “Old Days”

Important-Just 12-18 months ago, marketers expected marketing attribution solutions to provide them with directional insights – mostly in the form of reports –on which channels, campaigns and tactics were contributing most to their success metrics in a multichannel environment. They were glad to have specific tactics identified as their top "introducers," "advancers" and "closers" within their "attribution funnel," as such insights ensured they would not blindly reduce their spend on tactics that were, for example, very productive introducers just because they weren't effective as closers when judged by last-click methodologies.

Attribution expectations circa 2011-2012 were also heavily focused on "path-to-purchase" analysis – with marketers uncovering the top five or ten combinations of marketing touches that contributed to their desired conversions

More, More, More

Fast-forward to today. Brands and their agency partners are now asking for more: more translation of insights into actual media-spend recommendations. More facilitation of marketers' daily tasks. And more detailed attribution for specific audience segments.

Media Spend Recommendations

Sometimes driven by a lack of in-house analytical support, and often driven by a desire for speed and simplification, marketers are increasingly demanding that attribution solutions go a step beyond displaying findings and delivering reports reflecting past performance. Instead, they require that these insights be translated into forward-looking media spend recommendations using

sophisticated predictive analytics, so they need do nothing more than push a button to have optimized media plans across multiple channels produced – which, when put into market will take advantage of cross tactic impact. And to get there, they want to be able to safely explore an unlimited number of media spending combinations in "pre-launch" mode, using their goals for overall cost, CPA or conversions as variables in "what-if?" scenario exploration exercises.

Facilitate Media Buying & Optimization

In addition to the demand for actual media buying recommendations referenced above, marketers are requiring that attribution solutions accommodate the real-world optimization constraints they face. Be those limits in available display/search inventory, pre-contracted media buys that can't be changed, or internal resource limitations to how many changes can be executed, attribution isn't valuable if it simply points to theoretical optimization tactics – it has to present executable recommendations.

And once those truly actionable recommendations have been identified, marketers are no longer satisfied by the ability to hand media buying recommendations to their media buyers, or to translate them into whatever campaign management platform they're using. They now want to be able to deploy those recommendations into market by a push of a button that will send a feed to their demand side platform (DSP), real time bidding (RTB) or other buying platform that will automatically execute their optimized buys without the delay and exposure to human error that comes with manual execution.

Tailored Optimization By Segment

Finally, it's no longer acceptable to deliver a shared set of attribution findings across the entire universe of prospects to which brands and their agencies target

their efforts. Increasingly, marketing attribution must be performed at the audience segment level to be deemed accurate. Identifying the combination of channels, campaigns and tactics that are most effective at producing conversions for each segment, optimizing to maximize the number of conversions produced by brands' most profitable segments, and targeting limited budgets to the audience segments with the highest propensity to convert are all strategies that attribution is now expected to enable.

The demands of the marketplace will continue to drive innovation within the marketing attribution space. Today's requirements are just stepping-stones to a more efficient media buying future, and will soon give way to even more cutting-edge functionality that further empowers marketers' multichannel efforts

Marketing Metrics: Do your analytics capture the real reasons customers buy from you?

Jonathan Greene April 16th, 2013
No comments Leave a comment

How can you track the most impactful elements of your marketing funnel? Let's start with an analogy …

I once had a crush on a girl. I talked to her every day, but she rarely took notice of my existence. She liked the "bad boys," and I was kind of a nerd. It seemed as if the stars were aligned against us.

I tried asking sweetly, coming up with inventive date ideas, even appealing to her sense of pity, all to no avail. Finally, after a year or so of trying, I wrote her a letter telling how I felt. She finally accepted my invitation and we went on a date.

My takeaway from this exchange was letters work best. (Admittedly, my letters are particularly awesome.)

What I *didn't* know was my letter had relatively little to do with her decision. Years later, I asked her why she finally decided to go out with me. She admitted my persistence played a role, but the bigger factor was how she had her heart broken by one of the afore-mentioned "bad boys," and decided to give a nice guy a chance.

I was floored. I had no idea these events had ever transpired, and more importantly, had vastly overestimated my letter writing ability.

What I had was essentially a last click attribution model. This is the way in which countless organizations currently measure conversions. We, as an industry, have come a long way in terms of being excited about measuring and testing our marketing efforts.

However, looking at the last click before conversion as a sole contributor to the conversion decision is as near-sighted as assuming the young lady accepted my date invitation based upon my letter writing skills. The letter was a factor, but it wasn't the *only* factor.

I need a better model.

Where should I spend my marketing dollars?

Using the last click attribution method, I can determine the value of a conversion generated from an email campaign. I might arrive at the conclusion my marketing dollars are best spent on building email lists and optimizing email campaigns.

While there may be truth in that statement, it's only partially correct. The real story in this scenario might be a customer first interacted with my brand when a friend shared a product review on Facebook. From there, a likely scenario of events could be:

- The customer visited and liked my Facebook page, and then left.
- Weeks later, I launched a new product via Facebook post. The customer saw the post and then left the platform to do some research.
- While researching the new product on Google, a PPC ad appeared and convinced the customer to click through to my site.
- Once on the website, the customer joined my email list.
- Two weeks later, I sent an email which the customer subsequently viewed and converted, purchasing my product.

From this example, it's obvious the customer was nurtured to conversion through a series of interactions including social media, PPC, landing pages and email. Now, how much of my marketing dollars should go to each channel, since in this case, they were all obviously necessary for conversion?

Attribution models

Solving this problem requires the use of a different attribution model, and not all attribution models are created equal. I remember how happy I was when I learned there were multiple varieties of steak. I had always eaten sirloin, because that's what my dad always cooked. So, you can imagine my excitement the first time I tasted filet mignon!

Similarly, there are a wide variety of attribution models to suit everyone's taste.

One example is the linear ratio model, which is a dynamic model that attributes different values to different purchase and research phases. For instance, it might:

- Attribute 5% of revenue to Facebook for the research and awareness piece of our sample transaction above.
- Assign 25% of that revenue to PPC ads.
- Finish by assigning 70% of the attribution to the email campaign that caused the click.

There are many implications to using a model such as this. The social media manager is very happy because he just went from being a nonexistent entity in this conversion to owning 5% of the revenue.

The email manager might not be quite as happy, but the marketing executive should be thrilled.

There are many more models to experiment with. First-click, U-shaped, custom models and linear modeling are just a few. We're getting closer to really understanding *why* people buy our stuff, and how they arrive on our pages.

Moreover, we've attributed our revenue to particular interactions along the funnel, which should get us started in the process of assigning value to each marketing activity we undertake.

To learn more about each of the above attribution models, see Google Analytics' definitions here.

A brief case study

Electronic Arts (EA), one of the largest video game developers in the world, made some big gains with attribution modeling. Like most gaming companies, short product life cycles and a reliance on blockbuster products was increasing pressure on the marketing department, and causing them to use "gut instincts" to plan marketing operations.

The company's traditional advertising model involved a wealth of offline promotions, theater advertisements and television. Before launching the attribution model, EA campaigns allocated approximately 80% of its ad budget to television, with very little spending on paid search, social media or online video.

Using the attribution, optimization and allocation framework, EA was able to learn several key things about its advertising. First, the in-theater ads – heavily favored by the company – were underperforming. Secondly, significantly more revenue was being attributed to search, online advertising and online video.

Finally, EA discovered its ad campaigns were being timed incorrectly for product launches. The subsequent reallocation of resources resulted in 12% less television spending, 90% more YouTube spending and a 32% increase in paid search. The net impact on the campaign was an estimated 23% increase in sales from the previous product launch.

[Source: Wes Nichols, "Advertising Analytics 2.0," *Harvard Business Review*; March 2013, Vol. 91 Issue 3, pp. 60-68]

It's not a perfect solution

There are still some problems with attribution modeling. The method relies upon Web cookies, which cause underrepresentation on social media and other mediums, which are frequently accessed from mobile phones, apps and other devices.

In addition, attributing offline sales to online activities continues to be problematic. As far as we know, there's really no strong method for tracking view-through conversions caused by content syndication and third-party sites.

But, in the end, knowing more is usually better than knowing less; it's kind of like how having more steak is usually better than having less, regardless of the cut.

16 CASE STUDIES PROVE ROI OF MOBILE MARKETING

By Rob Petersen. Filed in Mobile Marketing |
Tags: App Store, Facebook, Janssen, McDonald, MediaVest, mobile marketing, Multimedia Messaging Service, QR code, ROI, SMS

Photo credit: Wikipedia

Are you paying attention to your mobile marketing yet? After years of being the next big thing, mobile might finally be the current big thing. But there is a big problem–most people don't know how to prove it. A joint study by the ANA (Association of National Advertisers) and MediaVest shows marketers are excited about opportunities for mobile marketing but frustrated about the ability to prove return on investment (ROI). Are you one of them?

Consider these highlights:

- 96% of marketers currently use or are planning to incorporate mobile marketing into their marketing mix
- 85% report an intent to raise their mobile budgets in the near future
- 84% use mobile websites; 78% mobile search; 76% mobile apps and 75% mobile display ads
- 42% are concerned about having proper mobile metrics in place
- 42% report an ability to prove ROI
- Only 21% state they have been successful in mobile – a decrease from 2010

To help alleviate the frustration, here are case studies. They cover opportunities from mobile optimized websites, mobile apps, mobile search, mobile ads, MMS, SMS, QR Codes to social media. They also prove ROI is more often achieved when marketers pursue mobile with a specific business purpose rather than mobile for mobile's sake.

Here are 16 case studies that prove ROI of mobile marketing

1. BMW: Began using MMS (Multimedia Message Service) to send images, video, sound files and text messages for customized snow tire offers. They increased conversion +30%
2. CARITAS HOME CARE: Boston-based home healthcare agency used mobile health devices to enhance communications and data collection with its 150 mobile clinicians. Caritas documented how the mobile devices were able to save 19,200 hours or 98 hours per clinicians per year. Although Caritas didn't release salaries of clinicians, if we estimated $50/hour, which would be conservative, Caritas saved $960,000. If the devices were $100 each for 150 clinicians at $15,000, which would also be conservative, the ROI would be 64-to-1.
3. DUNKIN DONUTS: Used SMS (short message service) or text messaging to increase store traffic and drive sales. The SMS campaign offering mobile coupons. It increased store traffic +21%.
4. HAIR CLUB: North America's leading provider of hair restoration solutions for men and women created a mobile website with one purpose, to get mobile phone users to "click-to-call" for more information. Their "click-to-call" button goes to a live sales person within seconds. Once a call is made, their close rate goes up exponentially. ROI for the mobile website was 30-to-1.
5. HARLEY-DAVIDSON: Wanted to maintain visibility with current customers and add new customers and revenue through a holiday promotion. They sold HD related merchandise through a Route 66's mobile club. Communications of the 12 Days of Christmas campaign were promoted through a mobile social media campaign. Sales increased 250% on helmets; 16% on leather jackets and there were significant increases in holiday dealer traffic which was also an objective.
6. HOTEL TONIGHT: Sought to acquire new customers who would download its last-minute hotel booking app and ultimately use it to book room nights. To acquire new users of its app (available in the App Store and Google Play), Hotel Tonight used Facebook'granular targeting and two key products: the mobile app install ad and Facebook Offers. For three months between October 2012 and HotelTonight ran app install ads that: 1) Drove people to the App Store, 2) Targeted people based on demographic information and likes and interests such as "travelers," "parents" and "golf" and 3) placed on mobile news feeds targeted to iOS users. Hotel Tonight receive 10X

higher click-to-install rate from the mobile app install ads and 80% higher return on ad spend from Facebook Offers than average mobile advertising spend

7. JANSSEN (PSORIASIS 360): Launched a mobile phone app to help psoriasis patients track the severity of their condition. The index helped them know when to seek professional care and allowed their medical professional assess to the severity of their patient's condition. Janssen also opened a Facebook page, which they moderated for regulatory reasons, to let patients tell personal stories and had over 30,000 posts and comments. According to Janssen, the investment in the mobile app overachieved ROI but more important delivered the right therapy to the right patient at crucial times.
8. MCDONALD'S: Designed a 'restaurant finder' app to enable consumers to find a late-night McDonald's. 2/3′ s of its restaurants close at 11pm. McDonald's employed location-based technology and geo-targeted above-the-line messaging, to avoid sending potential customers to a locked door. The app was downloaded 1,300,000 times over the course of the campaign, and when the sales uplift was calculated, the campaign delivered an ROI of 2:1.
9. PETCO: Expected the creation of a mobile website and a mobile ad campaign would be made up by higher conversion rates to coupons and offers. Mobile coupon redemption outnumber online coupon redemption by 5 to 1 more than paying back the cost of the website and ad campaign.
10. PIZZA HUT: Created a mobile optimized website, integrated with Pizza Hut's back-office systems and all devices had a user experience tailored to each device. By the end of the first week after going live, the site accounted for 10 per cent of all online orders increasing at a rate 60 per cent each week.
11. ROY'S RESTAURANT: Used a paid search mobile-only campaign that enabled them to budget, bid, target, and track their mobile performance separately from their desktop AdWords campaigns. They also focused on Google's click-to-call phone numbers in local ads on mobile devices and hyperlocal advertising, They achieved an astounding 8-to-1 ROI by focusing solely on mobile advertising.
12. VEGAS.COM: Noticed that mobile visitors to their destination-based travel and entertainment booking website didn't stay long. They created mobile versions of the: 1) Homepage, 2) Category pages and 3) Hotel room search tool with special functionality to improve the mobile customer experience. An improved mobile experience resulted: 1) 22% lower bounce rate 2) 16% more page views and 4% higher conversion rate.
13. VERIZON: Used QR codes to take store customers that scanned the QR code through to a competition to win a smartphone, via sharing on Facebook. If one of those Facebook friends brought a Verizon mobile, the original customer would get a free smartphone. A pretty nifty promotion that generated $35,000 in additional revenue during the week of the promotion, with a mere $1,000 investment. The promotion generated a 200% in smartphone sales, a staggering figure that can be attributed to a QR Code.
14. WINNEPEG HEALTH AUTHORITY: Used SMS to get adults 18-24 tested for sexually transmitted infections (STIs), increase awareness of STI incidents and remove false perceptions about testing. Text the keyword PEEINACUP to the short code 82442 or go to www.peeinacupwinnipeg.ca for clinic locations and a chance to win $1,000. Over the course of the four-week campaign, more than 10,000 people visited the Web site and 825 people entered the contest, which is 1.2 percent of the total target population in Winnipeg.
15. WOOGA: The world's third largest social game developer. Among its popular social game titles is Diamond Dash, a colorful jewel blitz game that challenges players to match three or more of the same colored gems in under 60 seconds. Wooga ran sponsored stories in Facebook mobile news feeds that displayed when one of their friends had played Diamond Dash for at least four

minutes or twice during the previous month. This campaign strategy generated great success for Wooga, from increasing installs by over 25% to lowering the cost-per-install by 10%.

16. zPIZZA: Had a business goal to deliver at least 1,000 heavy-use customers who spend $50+/month for each of their restaurant locations. They also had a loyalty program, zTribe, to identify regular customer and reward them with sweepstakes, cash prizes and inform them of new product. zPizza decided to use SMS messaging to improve registration and timeliness of the zTribe rewards and product information. The result was a 5% improvement in registration and a +106% in conversion for program participation.

Does your company use mobile marketing? Do these case studies prove ROI to you? Do they help teach how mobile marketing could be better used for your business?

DRIVE TOWARD ROI. **BRAND ADVERTISERS ARE NO LONGER CONTENT TO TARGET USERS TO BROAD DEMOGRAPHICS, OR SEMI-TRANSPARENT SITE LISTS, AND HOPE FOR A POSITIVE OUTCOME. INCREASINGLY BRAND ADVERTISERS, LIKE KELLOGG AND KIMBERLY CLARK MENTIONED ABOVE, ARE CLOSELY MONITORING ROI AND DRIVING FOR CONTINUOUS IMPROVEMENT ON THIS METRIC. THE ABILITY TO OPTIMIZE CAMPAIGNS TO SPECIFIC GOALS IS ONE OF THE STRENGTHS OF REAL TIME BIDDING, SO IT IS AN EXCELLENT FIT FOR BRAND ADVERTISERS LOOKING TO IMPROV SLOW ECONOMIC GROWTH WILL PRESSURE ADVERTISERS TO MAXIMIZE ROI**

In Atlas Deal, Facebook Gets Serious About Measuring Ads

Says Deal Is About Measurement, Not an Ad Network

By:
Cotton Delo

Published: February 28, 2013

Facebook today formally announced a long-rumored deal to acquire Microsoft's Atlas Solutions division today and that its interest in the technology stack boils down to measurement.

Ad Age previously reported that Facebook had agreed to buy the ad-serving business, which Microsoft had busily been seeking a buyer for over the past six months. Microsoft has acknowledged that it's looking to focus on developing the ad business for its owned and operated products like xBox and Windows 8, not on its ad tech.

Brian Boland

The deal price was not disclosed, and the parties would only say that a "commercial agreement" will be put in place whereby Microsoft will continue to buy its own ads through Atlas. The price had been expected to be less than $100 million, based on prior bids for Atlas, which were in the $30 to $50 million range.

RELATED STORIES

Facebook Set to Announce Microsoft Atlas Acquisition Tomorrow
Acquiring Ad Tech to Prove Its Ads Work

Facebook Deal to Buy Microsoft's Atlas Coming As Soon As Next Week
Social Network Is Building An Ad Stack to Rival Google

Atlas had looked like a potential building block for Facebook to start building an external ad network powered by its social data, but the social network's director of product marketing Brian Boland said that's not the plan. He said that Facebook's advertisers have been clamoring for more tools to let them see how effective their spend is across online channels, and that's where Atlas comes in.

Facebook has been steadfast that the effectiveness of its ads shouldn't be gauged by clicks alone. Owning an ad server will allow the social network to track actions after a user is exposed to an add, so-called "attribution." Atlas can help Facebook prove that exposing users to its ads does spur them to take an action – whether it's providing their email address or making a purchase – even if they've never clicked on a Facebook ad. Atlas released a tool last year to help advertisers measure their Facebook ads and get into deeper insight into how they drove conversions.

"This acquisition is about measurement, it is not about building an ad network," Mr. Boland said, adding that Facebook intends to invest in Atlas's core technology, as well as new areas like mobile ROI. He acknowledged Atlas's reputation in the marketplace for having antiquated technology due to years of neglect.

"We're excited to apply the same level of focus and investment in Atlas that we've applied to mobile over the last year, and really accelerate the development of its core features," he said.

Mr. Boland declined to say whether all Facebook advertisers would eventually be given access to Atlas's measurement tools. He noted that Facebook will continue to support existing Atlas customers -- comprised of agencies, major marketers, and publishers like Microsoft -- in their contracts.

Atlas's team will continue to be based out of Seattle, which is also where most of Facebook's engineers who develop ad products are based. "Most if not all of Atlas's employees" will join Facebook in the deal, Mr. Boland said.

How P&G Inspired Cleveland Indians to Offer Fewer Bobbleheads

Old-School CPG Marketing Practice Comes to the Business of Baseball, and Fewer Bobbleheads Result

By:

Kate Kaye

Published: March 18, 2013

Cleveland Indians fans can expect an injection of new blood this season from former New York Yankee Nick Swisher, speedy outfielder Michael Bourn, and ex-Red Sox skipper Terry Francona. One thing they can't expect: lots of bobblehead giveaways this season. In fact, while the Tribe in the past has planned five to seven promotions featuring bobbleheads -- wobbly figurines of beloved team players -- the 2013 season will bring just two, according to Alex King, VP-marketing and brand management for the Cleveland Indians.

The Cleveland Indians used marketing-mix models to sell seats

Marketing-mix modeling, a data-centric marketing approach that's still novel in the sports world, drove that decision, he said. "What we found is, it's most incremental for us to have more giveaway nights and fewer giveaways per night," said Mr. King, a former P&G exec who grew up a Cincinnati Reds Fan. So, rather than give a promo to every attendee, only the first 10,000 or 15,000 might get them.

Mr. King hails the consumer-packaged goods sector, where marketing-mix modeling -- a process by which marketers look at hundreds of data inputs to predict the impact of a specific marketing effort or media buy -- are a way of life. But although baseball has embraced the use of data and complex statistics to evaluate player performance, the use of data analytics for marketing is still rare.

Mr. King suggested some baseball insiders looked at him cockeyed when he introduced the concept. "It was somewhat of a risk for me but it was worth it."

The Indians organization began working with marketing-mix-modeling firm ThinkVine before last season. Unlike other marketing-mix-modeling systems, ThinkVine mimics a market rather than employing actual consumer data. The company built a marketplace of 5,000 simulated consumers living in the greater Cleveland area, some die-hards, others infrequent visitors to Progressive Field.

Around 40 variables that could affect attendance and how much fans are willing to pay for tickets are added to the system, including weather-forecast data; the win/loss record for recent games; star players from opposing teams; player injuries; and whether other entertainment options such as blockbuster-film releases might have more appeal.

"It's a mirror image of what actually happens in the marketplace," said Damon Ragusa, chairman and chief strategy officer of ThinkVine.

The Indians did a segmentation study to determine who its most profitable fans are. The next step was to determine the best days of the week for particular giveaways, such as jerseys, and how to flight media buys. The organization compiled marketing and promotional information from the previous five years -- things like PR impressions, TV and radio ad buys, digital spending, promotion dates, and how all those efforts translated into daily sales for each game day.

"It was very much digging things out of file drawers," said Mr. King, calling the process "a huge win just being able to catalog what we've done in the past."

Pinterest Launches Web Analytics to Track Popular Content

Service for Brands and Bloggers Includes Tally of Impressions Inside Pinterest

By:

Cotton Delo

Published: March 12, 2013

How Does Facebook

The Social Media world has been scratching its head about Return on Investment for almost as long a social media has existed as an entity. Not only have influencers in the space been unsure as to how the actual platforms were going to make any money, it has remained an enigma as to how any business person could possibly make money, trackable sales, or any other non-fluffy stuff using social media platforms.

This puzzle has puzzled me. You're spending money. You should make sure you are making money. It's not a social media problem, it's a business basic. If you're spending money and not making that much money on the other side of the coin, you're not going to do too well. But thanks to the conversation on the post I wrote here about communities and cliques I think I have finally understood why ROI in the world of social media is so tricky. Are you ready?

It's because so many people in the online world don't believe in SELLING.

The Myth of Social Media Serendipity

Here is how I understood social media when I first started tweeting. You go online, you mention in your Twitter bio that you work for xyz company. After you get that settled, you start talking to EVERYONE. You accrue followers, you get subscribers to your blog, you do people favors, you support people, and you create an ever-growing community. You post pictures of kitties, write poems about unicorns, and do other things to keep these people happy. It may seem like it's not working, but then one day, one of those people commenting on your kitty picture says, "You know, I happen to need a car, and I know you sell cars. Can we talk?"

Because you've been talking to this person for such a long time, you know exactly what kind of car they REALLY want. They trust you because they've been talking to you. You sell them a car. You've made money for your business. While you might have mentioned along the way things about being a car salesman, you never actually promoted your business, mentioned specifically what kinds of cars you sell, and you never said anything directly tied to your job. You just wafted the idea out there, it stuck in peoples' heads, and lo, when they needed a car, they thought of, well, you.

Your Investment is What?

OK, I should not have used the word "Myth." This kind of thing really does happen. But here's the problem. If you use that kind of approach to social media, your investment will far, far, far exceed your return. You might get an opportunity like that once a year. Even if it's once a month or once a week, that's still a lot of nurturing, tweeting, chatting, blogging, sharing, and networking. The time can really add up, and though we don't like to say it out loud, in the business world, time is money. This of course does not mention the computer you're using, the electricity you're using to keep that computer running, the time you're NOT spending on other stuff. You get the point. It's no wonder that tracking social media ROI seems impossible. How can you track your investment when you're sending 7,000 tweets a day? How can you realize a return on a regular basis if you never remind people what it is you're trying to sell?

Don't go to the other end of the spectrum

Some companies realize that the fuzzy version of social business doesn't really pay the bills, but they go too far the other way. They do nothing but sell. Their Facebook pages are nothing but pictures of their products (yawn). Their "blog" is nothing but news releases (yawn). Their tweets are just shares of their Facebook and blog posts (yawn). That won't bring you a good return because people will run for the hills.

The Dance

How can ROI seem less confusing and more achievable? You need to do a special social media dance. You need to learn how to work in mentions of your company while also conversing genuinely with people. You need to be willing to talk about your company but also about things that have nothing to do with your company. You need to jump on opportunities to offer your service or product without being pushy. You need to be honest about why you're using social media from the start. And you need to respect the people around you. That means not sending out a sniper shot direct message with a sudden "Buy now" starburst inside.

It's not surprising that so many are having a hard time measuring the ROI of their social media efforts if you think about the kind of advice that gets tossed around. "Be non-transactional." "Support other peoples' business ventures first." In an ideal world that would work all of the time. This is the real world, sadly. You're not tweeting with psychics who know what you're selling. You need to get it out there without being pushy or offensive. Once you learn that dance, you'll have a far easier time cracking the ROI nut

Pinterest Launches Web Analytics to Track Popular Content

Service for Brands and Bloggers Includes Tally of Impressions Inside Pinterest

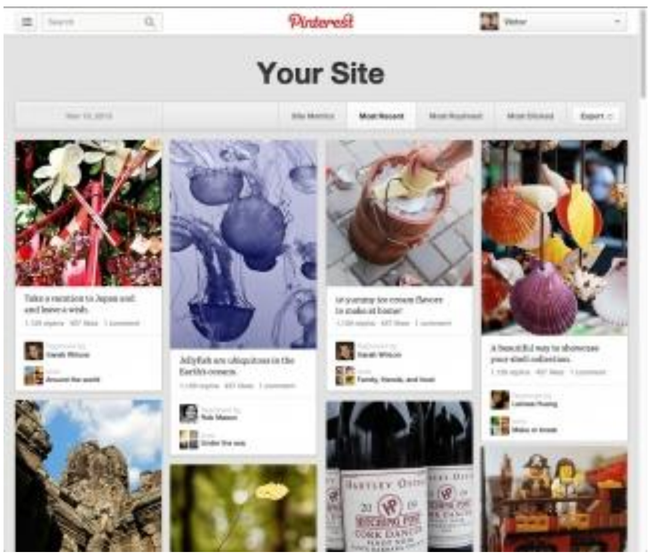
By:

Cotton Delo

Published: March 12, 2013

Pinterest today became more measurable to brands and bloggers alike by launching web analytics that shed light on how images shared there resonate with users.

Available to any account that's gone through the automated verification process on its web site, Pinterest's new analytics tool lets accounts track how many people have pinned content from their sites, how many people have visited their sites from Pinterest, and how many Pinterest impressions their content has generated. It will also show a selection of the most recent pins captured from their site and the content that's been re-pinned and clicked on the most within Pinterest.



View of recent pins from a user's website now offered by Pinterest.

RELATED STORIES

Pinterest Image Data Proves Valuable to Brands

Startups Curalate and Pinfluencer Provide Data In Absence of APIs

Group M Next Taps Pinterest Analytics Company Curalate

Agencies Will Use Startup's Software for Tracking Images on Social Site

Marketers are keen to know what content is popular on Pinterest, since it gives them a window into consumers' ever-changing preferences.

For example, for marketing purposes, a retailer might want to know that red is the most popular color of a particular style of shirt. But in the past, it would have had to work with a startup like Curalate or Pinfluencer that scrapes Pinterest data to get analytical insight into its content's performance. Pinterest hasn't yet opened up an API that would allow developers to build applications on top of the service, and harvest the data.

Cat Lee, Pinterest's product manager for platform, said the idea is to help brands with their content strategy. Now they can see which pins are popular on a given day, for example, and highlight those on their website to juice Pinterest sharing even further. She acknowledged a continuing opportunity for startups that can do custom integrations with brands, helping them map out the connection between their Pinterest presence and sales, for example, and execute contests and promotions on the platform.

"There will continue to be a need for the companies that provide an even deeper level of services for businesses," she said.

Curalate's CEO Apu Gupta said he views a Pinterest analytics product as a boon to small businesses instead of competition for his company, which is focused on charging big companies for Pinterest analytics. (Pinterest's own product is free.)

"Pinterest is driving material revenue to small brands, and they don't have the means to afford some of the more robust solutions that are available to enterprises," he said.

However, companies specializing in Pinterest measurement may need to evolve their feature set to keep the business of big brands. Hearst Digital was among the publishers beta-testing Pinterest web analytics over the last weeks, and its director of audience development and social media Ross Geisel said his team was still on the fence about whether to keep working with a startup. (Hearst has tested both Curalate and Pinfluencer.) There's something to be said for getting data direct from the source, he said.

"The other services are scraping that content," he said. "So far as the analytics trust factor, I feel more comfortable with the numbers I'm getting from Pinterest."

Chartbeat Aims to Show Publishers If Their Ads Work

Below-the-Fold Isn't an Advertising Wasteland After All

By:

Jason Del Rey

Published: March 18, 2013

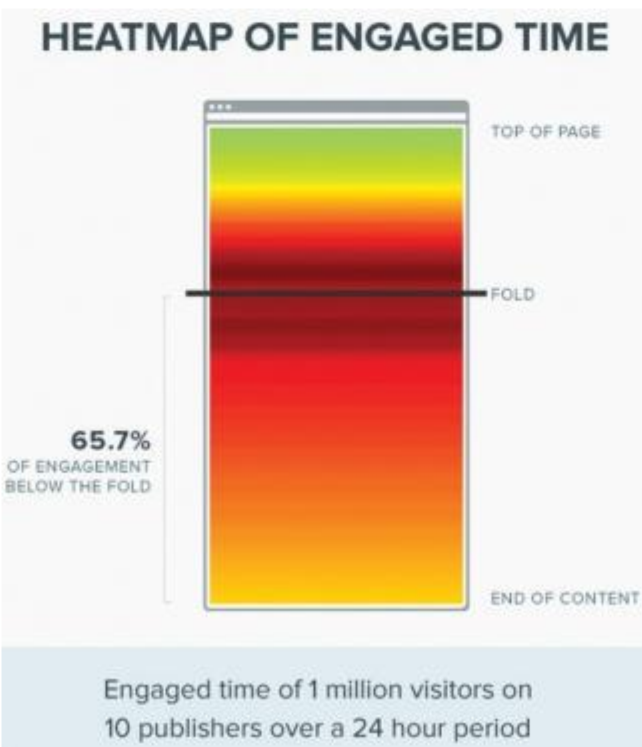
email print rss

Many a news operation has fallen in love with Chartbeat, the web-analytics software that gives reporters and editors a real-time look into which parts of their websites readers are visiting. Now Chartbeat has begun mining that same publisher data to help digital-media salespeople sell ads on parts of their websites historically dismissed as advertising wastelands.

In December, Chartbeat began offering a handful of publisher sales teams a beta version of a new dashboard that displays the amount of engaged time website visitors are spending in front of certain ad-unit placements and certain sections of the site. By arming sales teams with this information, Chartbeat believes it can help them make a case to brand advertisers that certain parts of webpages are more valuable than originally assumed. (Direct-response advertisers already use audience buying to find the best impressions to buy, often no matter page placement.)

"The lesson is that the place where readers are spending their time is not where we traditionally assumed," said Alex Carusillo, a product manager at Chartbeat.

In conversations with editorial departments, Chartbeat kept hearing that a big challenge for them is striking a balance between creating compelling, high-end work while at the same time churning out as many posts as possible to increase page views because most ads are sold on an impression basis.



So Chartbeat conducted an online study with 1,500 people to see if pages that have high levels of engagement -- what Chartbeat tracks and calls "engaged time" -- get higher brand recall for the ads on them. When an article that contained an ad was placed in front of a reader for five seconds, only 50% of readers were able to identify the advertiser afterward. But when Chartbeat extended viewing time to 15 seconds, about 70% of readers recalled the brand's name. Chartbeat is now working with a third party to further validate the correlation.

Beyond that, Chartbeat identified another interesting trend in its publisher data. When it looked at 1 million anonymous readers across 10 websites: 66% of the "engaged time" over a 24-hour period happened "below the fold" -- or below the part of page that originally showed up in the browser when a reader first opened a page. Not surprisingly, the data analysis also showed that web visitors are only engaged for a few seconds at the top of the page, where the highest-priced ads often sit.

"We've been placing value in the wrong places," Mr. Carusillo said. "We decided banners on top were the most valuable ... because they were easy to measure because you know people saw them even if they flew by."

The "engaged time" essentially measures how long a person is showing some signs of activity -- such as scrolling or moving a cursor -- while a browser tab is open. The company believes its engagement metric is more accurate than most others, because Chartbeat checks for signs of activity every second.

Buzzmedia, one publisher with beta access to the advertising dashboard, believes the "engaged time" metric could eventually help it create new ad products and packages, such as one that would run an advertiser's ads exclusively next to the 10 articles with the highest engagement time, said Director of Product Max Engel.

Craig Atkinson, chief digital officer at media agency PHD, said the industry could benefit from a new type of engagement metric if the correlation between "engaged time" and branding performance holds up.

"We want to find the highest-value areas of any partner sites," he said. "I'm all for changing the conversation about pricing if we can prove the value piece."

Chartbeat plans to eventually charge for the product once it's out of beta

GOOGLE TOOL CAN CALCULATE WHAT THAT MOBILE AD IS REALLY WORTH

Adidas tested the AdWords-only calculatorBy Tim Peterson

- March 26, 2013, 9:00 AM EDT
- Technology
-

Mobile doesn't get enough credit. That's largely the reason industry experts cite for mobile advertising's pitiful pricing, often described as reaping pennies compared to the dimes online ads attract. To help rectify matters, Google has created a tool to let AdWords advertisers measure how mobile clicks lead to dollars.

"People are interested in the broad idea of, does mobile have a conversion problem. [Instead] we believe mobile has a measurement problem," said Jason Spero, Google's head of mobile global sales and strategy.

The new tool, the Full Value of Mobile Calculator, aims to measure what various mobile ad campaigns mean to a marketer's bottom line, taking into account whether the campaign initially intended to drive calls, app installs, in-store traffic, mobile site visits or attribute cross-device attention and plugging in those metrics by connecting with an advertiser's AdWords account.

To oversimplify the calculator's formula, it basically multiplies the number of people who take the initial call to action, like clicking to call a store, by the percentage who complete the next actions down the conversion funnel (i.e., completing a call and/or buying something), then multiplied by the value of the actual conversion (i.e., how much money the person spent). The result is the estimated revenue an advertiser received from the campaign.

The calculator arose from a partnership between Google and Adidas to help the sportswear brand determine how its search ads were driving people into the company's owned-and-operated stores and how that translated into revenue. First, Google populated stats from Adidas' AdWords account on how many people clicked its ads to get directions to a store. Then Adidas and its agency iProspect ran some A/B tests, comparing markets in which it ran ads with those in which it didn't and correlating foot traffic, to estimate how percentage of people who clicked for directions ended up in an Adidas store. (Twenty percent, it turns out.) Next, the brand factored in the portion of people who walk into a store and make a purchase—about one in five—followed by the average transaction amount, which was $70 to $75. After crunching all those figures, the companies were able to compute that each click on the ad's store locator button was worth $3.20.

Adidas could take that $3.20 stat and conclude that that's how much it would be willing to bid for click-to-store campaigns (though not necessarily how much it would need to bid, since AdWords operates as a second-price auction). That type of understanding is particularly important as Google migrates AdWords advertisers to the new Enhanced Campaigns bidding process. Rather than setting independent bids for desktop and mobile campaigns, Enhanced Campaigns tie the two together with advertisers placing a desktop bid price and how much more or less they'd be willing to pay to reach a mobile user. The change has been seen as Google attempting to buoy mobile ad rates by tethering them to their higher desktop counterparts. Spero said the Full Value of Mobile Calculator is "directly connected" to Enhanced Campaigns by providing the attribution to help marketers understand whether they're effectively toggling their mobile and desktop buys.

While the calculator can be crucial to maximizing AdWords campaigns, Spero stressed that it's only an estimator. For example, the ability to measure cross-device performance isn't available yet and would be limited to users who are logged on to the Chrome browser on their phone and desktop computer with one account. To that end, the calculator doesn't cycle its computations back to AdWords so that an advertiser can compute a mobile campaign's value and have that instantly adjust its bid prices in AdWords.

"It's not meant to be a real-time updating tool," said Spero, noting that advertisers have to upload their AdWords data each time they want to use the tool and that if Google were to build a similar product to be used for bidding, it would launch through AdWords, not on a stand-alone site. The calculator will be available on the Full Value of Mobile microsite along with educational videos, case studies and tips

MORE MARKETERS HAVING TROUBLE UNDERSTANDING ROI FROM DIGITAL CHANNELS

February 6, 2013 by MarketingCharts staff

Digital marketing channels have been viewed as better than traditional media for their measurability, but new research from Econsultancy and Responsys [download page] suggests that marketers are having a harder time measuring their ROI from digital channels. Among company marketers surveyed – primarily from the UK (46%) and other European countries (19%) – just 50% rated their understanding of ROI from digital marketing channels as "good" (33%) or "very good" (17%), down from 55% last year. By contrast, the proportion rating their understanding as "okay" or "poor" rose from 42% to 48%. The remaining 2% this year rated their understanding as "very poor."

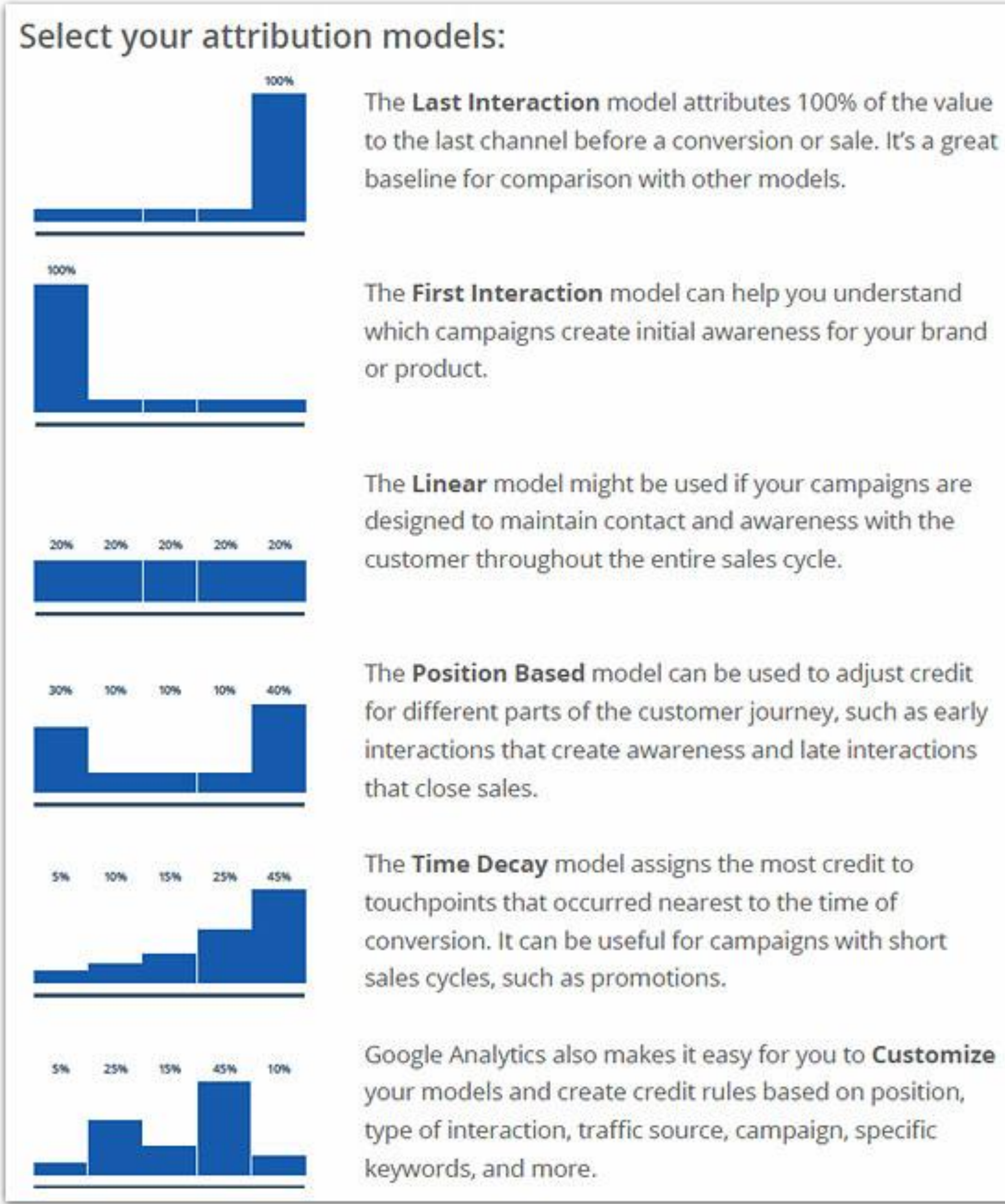
Agencies responding to the survey had more mixed opinions. On the one hand, the proportion who said their clients' understanding of digital's ROI was "very good" rose 3% points (from 5% to 8%), seemingly moving from the column who said it was "good" (which dropped by 3% points to 23%). On the other hand, the percentage saying their clients' understanding was "okay" dropped by 5% points (to 33%), appearing to move instead to the column rating it as "poor" (which increased by 5% points to 27%). In fact, more agencies said their clients' understanding of digital marketing ROI was "poor" or "very poor" (36%) than said it was "good" or "very good" (31%).

Given that drop, digital marketing seems to be almost on par with traditional marketing channels in terms of measuring ROI. This year, 47% of company marketers said that their understanding of traditional marketing channels' ROI was "good" or "very good." That's up from 44% last year – though the increase was entirely for those rating it "good," while the proportion rating it as "very good" actually dropped.

Among agencies, 45% said their clients' understanding of ROI from traditional marketing channels was "good" or "very good" – and that was an increase from 41% last year. That means that agencies were actually more likely to say that their clients had a “good” or “very good” understanding of ROI from traditional (45%) than digital (31%) marketing.

About the Data: The Econsultancy / Responsys Marketing Budgets 2013 report is based on a survey of more than 800 client-side marketers and agency respondents. Information about the online survey was emailed to Econsultancy’s user base of internet professionals and marketers, and promoted online via Twitter and other channels during December 2012 and January 2013.

A total of 834 respondents took part in the survey, including 457 client-side marketing professionals and 377 supply-side respondents (including agency marketers and those working for technology vendors or other service providers).



The take away on Web Analytics & Attribution

It goes without saying that data integrity is essential for marketing analytics, not just attribution.

You do attribution because you want to get to the bottom of your marketing efforts. It's a complex process of giving credit to your paid, earned, and owned media. It's about translating the value of your marketing programs.

We're talking about segmentation, media buying, content management, optimization, and a whole lot more!

And don't forget whatever metrics you're tracking and measuring, they must align with business objectives, agreed upon across departments (or at least as many as possible).

Web analytics is part of marketing analytics, it requires new process and technology; but most importantly it requires change – you, your team, your management, or your organization must understand and support the adoption of utilizing analytics for it to be effective and actionable.

And ultimately attribution modeling should be part of your marketing efforts to break the department (channel) silos and move towards integration.

Truly integrated marketing campaigns will have great marketing analytics with sophisticated attribution modeling.

I hope you find the above information useful, feel free to share your thoughts on Google Analytics below!

BOSTON – January 10, 2013 – Sapient (NASDAQ: SAPE), today announced the acquisition of (m)PHASIZE, a leader in the fast-emerging field of cross-channel marketing analytics. (m)PHASIZE helps senior executives to better plan their marketing investments against the backdrop of dramatic changes to media and marketing allocation driven by the rise of digital channels and an increasingly connected consumer.

The move establishes Sapient as a go-to partner for its clients needing strategic advice to better navigate the range of channels and choices that now confront marketing executives. (m)PHASIZE brings a strategic, data-driven approach to Sapient's offerings, with immediate applicability to SapientNitro clients.

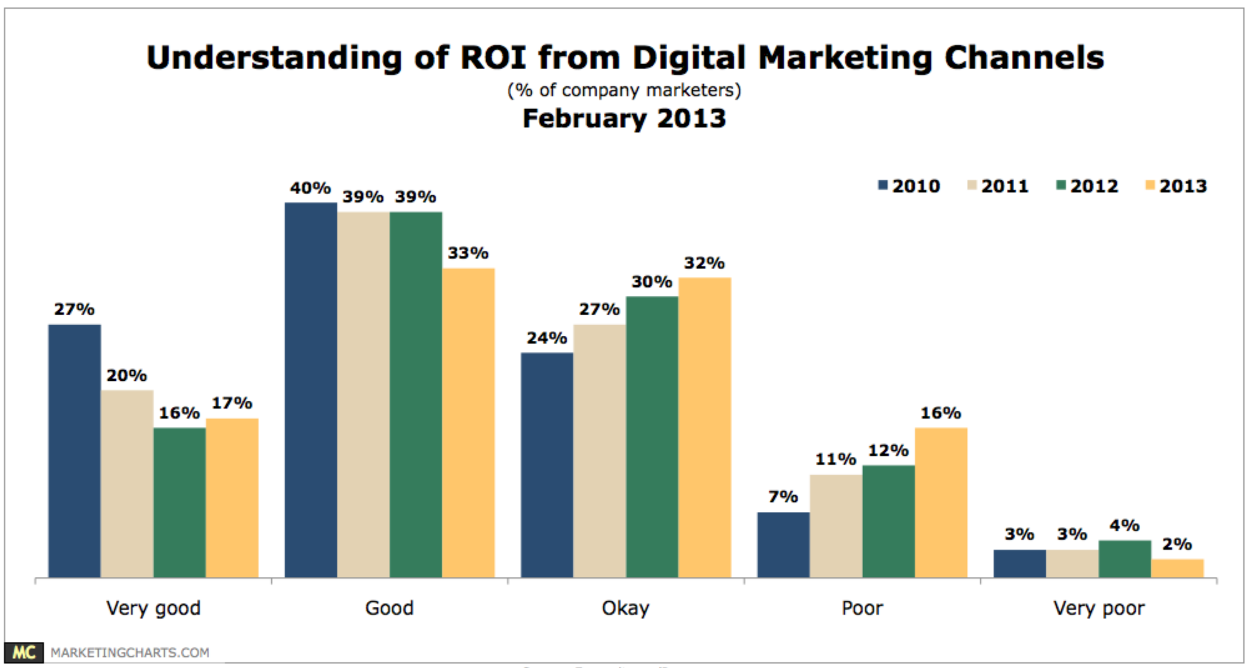
(m)PHASIZE's custom-built, proprietary analytics tools and services help marketing executives make optimal budget allocation and planning decisions to achieve business objectives and enhance ROI. Their innovative predictive forecasting models enable clients to run "what if" scenarios that simulate how targeted consumers will respond to different variables. (m)PHASIZE is also distinguished for its ability to quantify cross-channel impacts, taking into account the interplay between traditional media (radio, print, TV) and digital (search, display, social, mobile) at a brand and category level. This wide-angle approach enables clients to continuously measure and calibrate marketing investments to generate incremental ROI in today's dynamic, always-on marketplace.

"Today's consumer has very different and ever-changing media consumption and buying patterns, making it much more complex to effectively allocate marketing resources," said Alan J. Herrick, president and CEO of Sapient. "In a world driven by this connected consumer, "traditional" and "digital" paradigms no longer exist. The proliferation of marketing touchpoints and the explosion of data demand more sophisticated tools and nuanced models to truly understand performance. With (m)PHASIZE, we're able to show clients the mix of investments needed to drive sales targets and significantly improve ROI."

Added Bill Kanarick, Sapient CMO: "As the $500 billion dollar global advertising industry struggles with the disruption caused by an always-on world, CMOs are increasingly challenged to determine how best to spend their marketing dollars. With (m)PHASIZE, we're able to better plan those investments and assess the true impact of cross-channel marketing investments on business performance."

(m)PHASIZE was founded by Sunil Garga, a respected innovator in the field of marketing mix modeling and an executive and entrepreneur recognized as a pioneer in the category. Former president of IRI Global Business and Consumer Insights and Marketing Management Analytics (MMA), Garga founded (m)PHASIZE to develop an approach to quantifying the optimal mix between traditional and digital media, and to understand these effects at not only a brand level but performance of the portfolio and category overall.

"In my 20 years in the field of marketing mix and ROI analytics, I have never seen a time more ripe for the application of our solutions and our thinking," said Garga. "At (m)PHASIZE, we've developed innovative methods that take a Wide Angle View (WAV) to help clients understand true marketing and media ROI and make fact-based investment decisions in the face of an increasingly complex set of choices about ways to spend. Sapient is truly redefining the space through its uniquely connected capability across brand, digital and commerce. The addition of (m)PHASIZE creates a unique and powerful combination."



Source: Econsultancy/Responsys

Marketing Analytics and the Problem of Attribution Modeling

December 18th, 2012 - Posted by RuthBurr to Analytics

Guys, we need to talk about attribution modeling. It’s a hot issue in our industry and most of us (SEOmoz included) aren't doing it as well as we want to be. It's tough stuff. Mike P from Distilled gave a great MozCon presentation on the topic, but most of us aren't anywhere close to that sophisticated - and even his model is impacted by Google Analytics' limitations.

It’s been covered in far more detail elsewhere, but in a nutshell: attribution modeling attempts to solve the problem of which channel gets credit when a user touches multiple channels prior to converting. Many marketers simply throw up their hands and say the last touch gets all the credit – but then we have to live with the knowledge that some of our efforts are far more effective than we give them credit for.

Not-so-super modeling

Supermodel by Soggydan on Flickr

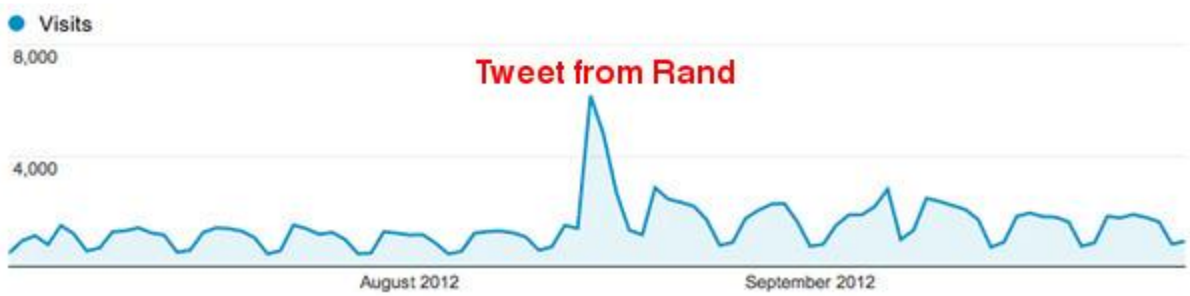
Unfortunately, attribution modeling is very hard to do well for a lot of reasons:

- Any site to which users return daily (like, for example, SEOmoz.org) quickly fills up with touches that may or may not be related to conversions.
- Channels like social media and community building are often a first touch but rarely the only touch before conversion, meaning they tend to get less credit than they deserve.
- Attributing offline sales to online efforts can be very painful, not to mention tracking one user’s conversion path as she uses multiple devices during her buying decision.
- In our post-Panda world, we’re spending a ton of time and effort on content that may end up on third party sites, opening us up to the near-impossible task of tracking view-through conversions.

In my opinion, however, the biggest problem with the attribution models available to us today is that their roots lie in web analytics tools like Google Analytics. This means that attribution models tend to be biased toward *on-site efforts*. The bulk of our marketing efforts doesn’t happen on-site, so why should our measurement?

Our competitors certainly aren’t doing things on our site, so why should we content ourselves with on-site data?

Web-analytics-based attribution models also tend to break up sources at the *channel level*: organic search, social media, direct traffic, etc. Anyone who’s worked for months on driving traffic from Twitter and then had one tweet from Rand break their site can tell you not all social media touches are created equal, so why lump them all into Social Media?



Finally, attribution models are incredibly difficult to implement for *success metrics beyond conversion* (more on that later).

Marketing analytics is about campaigns, not channels

Here at the MozPlex, we’ve been talking a lot about *marketing analytics:* the way we measure and optimize our marketing activities. I think Joanna put it best in her post: “Marketing analytics is the act of looking past mere website results, and asking yourself, ‘How did that marketing campaign really go?’”

Marketing analytics means going beyond the data we can get from our web analytics tool so you can measure off-site and even offline activities. Capturing that additional data about how your off-site and on-site marketing activities are performing allows you to test with greater confidence, and as marketers, we should always be testing. It’s probably not as simple as “social media doesn’t drive as many conversions as organic search.” Instead, we can test how to spend our time and money - which levers to pull at which time and in which way - to attract, keep, and delight our customers. At the same time, we can take a cross-channel, holistic view of our efforts to see what messages are resonating best.

All conversions aren’t created equal

Of course, one thing we want to do with our marketing efforts is make more money. ROI-driven modeling is always going to be part of what we're measuring. However, modern marketers are driving for more than just the lead or the sale or the free trial. We're looking at micro-conversions like newsletter signups. We're watching and participating in conversations about our brand. We're investing in customer happiness. We're tracking shares, tweets, mentions, and views – and we're keeping an eye on how are competitors are doing, too.

In addition to major conversions, marketing analytics is about tracking *customer loyalty*.

Forever Friends by dprotz, on Flickr

We can often gain as much revenue from keeping our existing customers happy as from getting new ones. What happens after the conversion?

Marketing analytics is also about tracking *brand identity*. This is becoming more and more important as the major search engines focus more and more on brand strength as a quality indicator. This is another area where typical attribution models just don't go far enough. Brand-centric campaigns are as much about generating conversation and positive feelings as they are about directly causing more conversions – this makes it harder to prove value if conversions are your only KPI. Branding has an influence on direct traffic, but it also has a big influence on organic search traffic from branded keywords.

	Keyword	Visits ↓
1.	(not provided)	517,204
2.	seomoz	16,016
3.	open site explorer	8,462
4.	opensiteexplorer	6,205
5.	seo	5,277

So, should that traffic still count as organic search, if branding efforts are what inspired the search in the first place? This is another area where a more campaign-centric view can provide more insight than simply attributing conversions to channels.

Getting closer to marketing analytics

We're still in the early days of true marketing analytics, which means we're still mashing up data from a bunch of different tools and struggling to find the right ways to track campaigns. In the meantime, we can start hacking our web analytics' attribution monitoring tools to go beyond simple channel attributions:

Advanced metrics for attribution modeling

- Top referrers (separated out from the rest of referral traffic)
- Top keywords (separated out from the rest of the keywords)
- Long-tail keywords (same deal)
- Top partners and/or affiliates
- (not provided) search traffic
- Branded and non-branded search traffic
- Individual social networks (A friend and a follower may not be the same!)
- Individual feeds
- Individual paid advertising sources

We can also start thinking of (and tracking) our data with a marketing analytics mindset:

Advanced metrics for marketing analytics

- Messages
- Type of touch (Branding? Promotion? Retention? Happiness?)
- Type of product
- Audience
- Time of day
- Conversations

In the end, marketing analytics is more useful than straight-up attribution modeling, because it allows you to view your marketing efforts holistically. When you view individual customer touches as part of a larger whole instead of siloed by medium, you can take a longer and more customer-driven view of your marketing efforts.

What Does the Future Hold for Display Advertising?

Display advertising is a marketer's dream. I mean, it is one ATL activity wherein a brand manager can put his hands up and say – "I will give you an estimate on the number of impressions your ad copy will get, the CTR on it, but I can't give you an estimate on the number of leads this activity will generate for your brand". As a person looking to invest in display advertising, you often wonder, where is my ROI?

Social media platforms might just answer your ROI question. This is how display advertising works presently. Let's take an example of rich media ads you see on Yahoo. You can buy ad space on the website for a day and show your ads to people visiting, say, the Yahoo homepage or show them ads when they sign in, right in their inboxes. Platforms like Yahoo do try their level best to extract some social data from platforms like Facebook and Twitter by asking you to connect your profile to social platforms. Some people also fill up data on their Yahoo profiles – The only basic information that Yahoo asks for is gender and date of birth. But how many of us fill in our date of birth correctly? Let's assume most of us do. So, the only ad targeting data that Yahoo has with it is gender and date of birth. If they get lucky, they have some interest based data thanks largely to social integration.

Marketers buy ad space on the website and their ads start getting served to people visiting the website on that particular day/period. Pretty cool if you are a large brand and your objective is just branding – I saw Microsoft do this a lot, right before and even after launching Windows 8. But you still don't know, what is the return on this investment? Of course there are ways like asking consumers where they heard about your product at the point of sale or conducting a survey on your Facebook/Twitter/LinkedIn community. However, with so much paid media being fed to the digital consumer across different platforms, he might not even remember where/when he first heard about your product!

This is where the **BIG** data that social networks have with them can aid marketing managers. Imagine this, I see an ad on Facebook or LinkedIn and click on it or just see it and take no action. I see the same ad multiple times – take an action or I just see it. At the end of two weeks, I go to an offline store and buy the product. At the point of sale, I am asked for my name, contact number and email id. All that social platforms need to do is get a hold of the data of all purchases in a given period and track it back to the ads served to individuals during that period and give a report to the marketing manager. This way, the marketing manager will be able to know the number of sales made as a result of his advertising efforts. This should put the ROI measurability factor to rest.

However, this needs to be a cautious approach ensuring that user privacy is not violated. The marketing managers can only be allowed to see the final figure – no. of people who bought a product & also saw the ad. The system also needs to be engineered in such a way that no reverse engineering is possible - using "hashed identifiers" maybe.

The reason I believe that only social media platforms are capable of coming up with this kind of a technology is that ads on social platforms are primarily shown to users when they are on the platform and logged onto it – LinkedIn does show its ads on partner websites and even Facebook is in talks to do just that but Google still controls (read:owns) the display network.

For Google to follow this kind of a model would be really difficult because most users are not signed into their Gmail accounts while browsing the internet. And Google is so concerned about user privacy that they don't give you search keyword data for searches made when an individual is logged into his Gmail account! Google+ is the answer perhaps. For someone like Yahoo, they show all their ads on their site but they just don't have enough data! I mean, my profile name on the website is Rohit – just imagine the number of Rohits in India - I can tell you there are millions in my city! One of my colleagues has an id that is "GirlyPink" – Surely she is not giving that Id out at the point of sale :)

In my opinion, this seems the way forward for display advertising – being social. The winners will be platforms with authentic data and the ones which can strike a balance between user privacy and brand integration

Radio Industry Faces Analytics Crossroads

Over time I've seen Radio Ink Publisher Eric Rhoads prod the radio industry to accept new goals. One such moment was pointed to here in April 2010 when he spoke of his neighbor, a business owner, whom he quotes**:** "I was spending 15, 20, $25,000 a month on radio and newspapers. Then I discovered search. I spent $3,000 on search and got more business than I got off of radio and TV."

At the time Eric Rhoads was pointing to a radio industry failure that still has not been addressed - the advertiser movement to new media.

"These [agency] execs said radio is no longer on the radar of many advertisers -- it's not even part of the discussion."

He prodded again**:** "What if, I thought, I could put together a dream team of advertisers, and ask them why radio is not getting more ad dollars?" And he did.

As four big ad agency heads sat down at the recent "Radio Ink Forecast" conference... well, let's hear from Eric**:** "Though there were several radio presidents and CEOs who stayed and listened, most of those representing radio's biggest companies were outside of the room."

The visual signal this must have sent to the agency world cannot be repaired. The ignorance generated by radio industry CEOs missing a panel of advertising agency CEOs speak about what radio can do to capture more ad dollars cannot be overstated.

The message missed? "The [agency] panelists told us ratings are not the metrics they're looking for...." (read the article).

This is where it gets weird**;** there are radio industry people commenting on this Radio Ink article who are still in denial. One fellow states, "...most of these ad agencies don't 'know' our business...." They do, though, know what they want, and it isn't radio in radio's current state.

Comments on the Comments

For the conspiracy theorists in the group claiming radio is losing because agencies get a higher rate for a more expensive television buy, the cost of constructing an online campaign is not cheap! If the radio industry ever gets over its chant about reaching 93% of Americans weekly, it could handsomely profit from providing digital services.

Please listen: Agencies and advertiser need "proof." CMOs are demanding accountability, because it's being demanded of them.

Rod Schwartz of Radio Sales Cafe (whom I respect) is missing a valuable point with his thoughts on "branding campaigns" and local advertising. That national advertisers put effort into building brands is acknowledged. But local advertisers run product/price campaigns. Few local radio advertisers invest in building brand.

Another note on this national/local concept: 20 years ago 75% of revenue was local. Today local is so low that RAB doesn't even break it out in its revenue release. National brands use radio. Radio has all but lost local (small/medium small markets excluded).

Within the radio industry there are those who defend its power. None presents data that those four big agency heads request. Nearly all emotionally quip how radio is misunderstood and just needs to tell its story better. Tom Taylor's newsletter "Now" carried a story about Powell Broadcasting's Ira Rosenblatt stating with confidence, "Maybe the answer to increasing local revenue is as simple as bringing on more sellers." That's the approach Mel Karmazin took at CBS, during radio's first stage of drop in relevance. If this action is carried out, with the same level of account rep education that's present today, you'll create a bigger problem.

Again, quoting Eric Rhoads, "These [agency] execs said radio is no longer on the radar of many advertisers -- it's not even part of the discussion." The radio industry CEOs who missed that panel are part of the reason why. Eric identifies the other part: "Clients simply won't buy unless we first provide proof of radio's relevance and effectiveness."

Radio campaigns can be created which use the power of the internet to deliver response metrics. In certain cases, radio can connect an over-the-air campaign to the cash register, at a premium cost that's enough to give agencies better commission (satisfying the conspiracy theorists). Better analysis of web site visitors and social media use are required, not more words telling ad buyers that they "need" radio because it's ubiquitous.

Mr & Mrs Radio, you're at an analytics crossroads. The longer those defense lines are up, the farther down the relevancy pole you go. It remains your choice.

Discovered: Why Radio Is Not Being Embraced By National Advertisers

For decades, the RAB and others have preached that selling is about being customer-centric. We've all heard it, we've all been trained to interview clients about their needs, and there is not one broadcaster on earth who does not know this to be true. So why is radio not getting its fair share of ad dollars nationwide? I've discovered what is probably the major reason.

A Dream Team

"What if," I thought, "I could put together a dream team of advertisers, and ask them why radio is not getting more ad dollars?" After all, we in radio think we have a strong story. We think we have decent relationships with listeners. We think we can move product. Unlike other legacy media, it appears radio has not lost its audience. I wondered what we could learn if we somehow got the most important advertisers in the world together in a room, just to talk about radio.

When I raised the idea, I was told, "It will never happen. Why would those people bother to take the time to help radio by answering our questions?"

"But what if I could pull it off?" I asked. "Everyone one in the industry would be there to listen. This could be the most powerful focus group in the history of radio. Every group head would be in the front row, not only to show their support, but to hear what these advertisers are saying."

I like a challenge, so I decided to do it.

A $100 Billion Panel

At *Radio Ink*'s recent Forecast conference, this impossible task was accomplished ... almost. We managed to get five advertising greats in the room and on a panel to tell us exactly how radio can get on their radar. These men represented $100 billion in advertising and 75 percent of all advertising spending in America. They were:

Bill Koenigsberg, president/CEO and founder, Horizon Media
Tim Spengler, worldwide CEO, Magna Global
Doug Ray, president, Carat
Brian Terkelsen, CEO, Mediavest USA
David Verklin, marketing consultant (panel moderator)

Yes, we pulled it off. We got them there. It was historic. No one before has managed to get all five of these giants on a panel together. Each was willing to speak frankly about radio. As an opportunity, it may have been the most important hour in the history of radio. There was only one thing missing. The group heads in the front row.

Though there were several radio presidents and CEOs who stayed and listened, most of those representing radio's biggest companies were outside of the room. And they did not hear the most important advertiser focus group in the history of radio. Perhaps they had meetings or e-mails or pressing matters to attend to. Perhaps I didn't communicate the real power of this panel.

I'm not being critical of them. I'm sure some of these group heads and advertising executives already know and talk to each other. But if they had stayed in the room, and listened, it would have sent a powerful message.

Critical Feedback
Had the group heads been there, they would have heard that advertisers need to see metrics and measurement techniques that are focused on ROI. The panelists told us ratings are not the metrics they're looking for; they need proof of our ability to move product and engage customers. And they want the research to support it -- information they said no one in radio has provided. And they told us that other media are considerably more sophisticated about offering the proof of ROI agencies need. In other words, these agency heads were saying, "Show us the proof that will give us the confidence to invest."

Though they want radio to come with more ideas, they also said the discussion usually doesn't even get that far. Clients simply won't buy unless we first provide proof of radio's relevance and effectiveness.

These execs said radio is no longer on the radar of many advertisers -- it's not even part of the discussion. When radio does make the media plan, it gets little more than crumbs. Agencies find it hard to understand radio's value proposition, and they can't interest their clients in it, or their creative people. The panelists even said they don't feel they know how to get good radio creative.

Asked if they have radio departments, most said they have small "audio departments," but most of that attention is devoted to online audio.

Koenigsberg said, "The product benefit is just the cost of entry. The consumer wants value exchange. It used to be about reach, now it's about engagement. It used to be about frequency, now it's about relevance. It's no longer cost per point, it's cost per value point. Your story has to be reinvented. You have not figured out how to take the engagement factor and audience engagement and package your story."

Digging Deeper
After this eye-opening panel, I started exploring the problem further and found that what radio is missing is airtight econometric examples of performance or payback. Other mediums, including television and even print, are laser-focused on proving their ability to generate ROI. Radio is not. We've been on the sidelines too long.

When the Internet Advertising Bureau couldn't get advertisers to invest on the Internet, then-CEO Greg Stewart commissioned a cross-media optimization study with more a dozen advertisers, at a cost of millions.

Once the IAB proved to advertisers that the Internet could move product, they worked with the advertisers to identify the optimal spend -- which was more than before the studies. And Internet advertising began to explode.

I am not saying that these studies were the sole reason for Internet advertising's growth, but they played a large role. Stewart has since moved to the Mobile Marketing Association -- and again commissioned a study the power of the medium, which is opening doors that had been closed.

For radio to grow, we need to substantiate our claim that radio not only delivers a positive ROI, but delivers an ROI that is greater than other media options available to advertisers. We are not competing for ad dollars in a vacuum.

Earlier this year, when Facebook was under pressure to demonstrate its ability to generate ROI, the company attacked the issue head-on. According to a report in the *Wall Street Journal,* Facebook personnel were sent to work hand-in-hand with advertisers to figure out how they could deliver greater results. The reason advertisers are flocking to what we call the "shiny new toys" is not because they are new or shiny, but because they are accountable and measurable.

It's Selling 101: Speak the language of the person to whom you are selling. And as an industry, we are not doing that. It is incumbent upon all of us to not only bone up on the topics of econometric modeling, ROI, and payback, but to really focus on how we as an industry can enhance our performance in this arena.

Econometric studies cost a lot of money. But it's also generally true that if you pay a lot of money for insight, you will typically believe what it tells you and act upon it.

Where Is The Radio Econometrics Study?

There is no econometrics study for radio. Why not? We tell advertisers we haven't lost our audiences -- and we haven't, according to Arbitron -- and that we remain strong. We talk about our ratings, but advertisers simply don't care. Pandora can not only give targeted data by neighborhood, it can tell you how many listeners clicked in response to an ad and how many of those went on to make a purchase. That is what advertisers are demanding.

And this is not only a national issue. A lot of business that is classified as "local" on your books is placed directly with your stations by national agencies.

Are We Living In The Past?
The bottom line is that radio's ratings, its audience strength, and its relationship with its listeners are of little value to advertisers unless we can prove it all translates to business. We're using 1970 sales techniques in 2013, and few are paying attention. Media alternatives that have studies to prove their effectiveness are blowing past radio.

We have to prove, via third-party studies, from firms respected by major ad agencies, that radio can provide substantial payback for the investment.

This focus on ROI is being driven by technology, increased media alternatives, and "C suite" expectations. Chief media officers are under tremendous pressure to deliver results from their marketing ad spends. The average life expectancy for CMOs in a job is around 36 months. These are high-paying jobs, they want to keep them, and they realize they need to perform. So they choose their media partners the way we all choose stocks, investing where they'll get the best return.

It's Not About Ratings Anymore
Everything radio does needs to be about audience engagement and return on investment. Instead we're focusing on keeping our PPM numbers high by doing things that likely result in the opposite of consumer engagement. Do we really believe a spot buried in the middle of a commercial-laden stopset is going to drive business? Sure, it's good for PPM listening, but I suspect that if engagement were measured, it would show that is not the optimal environment for an ad.

Some might say Arbitron's study from last year confirmed that much of radio's audience is retained during an ad break, but I would argue that retention doesn't equate to engagement. After listening to Bill Koenigsberg, I suspect that he would agree.

There's a fine balance. We must be passionately driven to deliver results for clients. Ratings are not relevant to a client if you can't prove you'll accomplish their goals. We must start proving it. Saying it is so does not make it so.

Focus On Outcome
Advertisers care about consumers taking action. Radio must stop focusing on features, benefits, audience sizes, targeted audiences, and ratings. Those things only matter after we prove we can provide significant results. We must

focus on outcomes. It's how all advertising is being evaluated today.

Clients only care about what you can do for them. Google Local and others are proving their value proposition and showing exact results. Your local focus needs to be about proof.

The old definition of insanity is to repeat the same behavior while expecting different results. And I believe that's where radio is today. Yes, we're seeing some digital innovation. All that helps, but nothing will bring change faster than a national radio study proving that radio moves the needle.

We all believe radio moves product. Now it's time for radio to step up to the plate and fund a study to prove it. The bottom line is that we need to have enough "science" to convince the CMOs that radio is the right place to spend their limited ad dollars. If we can show the cause and effect, radio's budget will never be cut. It's all about ROI.

YOUR FUTURE REVENUE GROWTH IS ALL ABOUT MORE DATA

How many radio salespeople have you known over the years that have said, "*my job is to sell air*"? Despite not having overnight ratings like TV or instant numbers like the web, radio is still a $13-$16 billion industry, depending on who you believe. However today is not ten years ago. Advertisers are more sophisticated. The field of competitors has never been as crowded. And the expectation for results has never been higher. Unfortunately the radio industry has done very little to advance the notion, with solid numbers, that it sells more than air.

How long have some of you been streaming? And there's still no industry standard to show advertisers how many over-the-air listeners and digital listeners your station has and get fairly compensated for those numbers?

At Forecast 2013, Art Thomas (pictured) of UM Global shed additional light on the need for the radio industry to step out of the 90's and into today. As he explains, your future revenue growth with advertisers is completely dependent on providing them better metrics.

Art Thomas works for UM Global in advanced analytics. He specializes in marketing mix modeling, which is a process of collecting data from advertising outlets such as TV, Radio, Newspaper and Digital and then creating econometric models to measure the impact of media while controlling for factors such as other marketing efforts, pricing, competitive activity, exogenous factors and anything else that impacts KPIs. Model results are then used to simulate future outcomes and determine optimal budget allocations for UM clients.

RI: We understand until recently the data radio gave you for your models was old.

Thomas: Radio has been a little behind in the process compared to all the other media channels. For a long time, radio has been using diaries. That model has no way of measuring radio ratings. We are shifting to PPM which means it will be a passive collection model, like Nielsen TV. We did that at a more granular level, so we actually know if they are changing the channel, what they're listening to and how long they are listening to it. It's more accurate. That's important. The granularity. The ability to accurately measure who hears your ads is important in terms of getting yourself noticed within the model.

RI: Are you getting enough information from radio to give them a fair chance when advertisers look at who to buy?
Thomas: It's better now. This is a step in the right direction. People are going to ask for more and more information all the time. TV's been doing this for a really long time and digital just lends itself to it right off the bat. Right away people are able to tell what sites you visited and track progress. That gives them an advantage. Analytics are the main way people make buying decisions. That's the kind of data they want. Radio is catching up. Is it as good as the other ones yet? It's probably still lagging, but it's leaps and bounds from where it was just a little while ago.

RI: How do you determine who gets the budget from the data?
Thomas: The model is able to attribute activity separated out for each media channel. Once we find out how much activity is attributed to radio, we can determine what levels things start to saturate. That's what' important. For instance, if we have a budget of $10 million, traditionally, about $1 million of that is put into radio, $8 million into TV. The key for us is to figure out where TV starts to saturate, where money is being thrown away for nothing. People just tend to use TV as a default all the time. It get's the lion's share of the spending. Part of that is because it's much easier to read and find out where that saturation point is. Once we've done the model, we go through a number of optimizations. We can then say, at certain budget levels, where should we be spending. The optimization tool determines saturation points and where your next dollar is spent best.

RI: How do you determine if you were right or wrong after a campgain?
Thomas: We're accountable for the decisions we make. We model things out and make recommendations but if those recommendations don't work out that reflects badly on us. We validate our models aftewards. We follow up to see if things worked out. The default is usually sales. We base part of our fee on success. If we make decisions and they don't work out we are accountable for that.

RI: What else can radio provide you to sway your decisions? Does is it just come down to Arbitron?
Thomas: It really will come down to more data, but it has to be from the gound up a little more. In general, the radio industry, whether it's whoever is programming or someone involved in any kind of decision making needs to be aware that data drives everything now. You can have a gut feeling, you can have a lot of experience that tells you to do one thing or the other, but when it comes down to it, the people making decisions at the agency level are deciding based on data. I just think overall the industry has to have a mindset that it's the way things are going.

RI: So, Radio needs more and better metrics, to understand who the listeners are, where they shop, what time of day they shop, all that and more?
Thomas: Yes. The way we always think about things here is, we take the client's perspective at all times. When it comes to modeling, decisionmaking or analysis, what use is this to the client? At then end, we can say "this is fueling this decision." You have to think about it in those terms even if you are at a lower level, saying "If I am on the agency side, or I am a client, and I am looking at where to invest my money, what can I do to show the money is working as opposed to just that feeling of putting ads in drive-time. That's great, but we need to find a way to

compare that, either across stations, across regions, or across media channels.

RI: You have room full of radio CEO's with a chance to tell them this is what they need to do in order to be seriously considered for bigger ad budgets, what do you say?

Thomas: Be more proactive. A lot of other media channels have representatives that are fresh and new in the agency's mind. They have champions of their industry. They have people talking about what's going on. I think radio is still very passive compared to the representatives we see here everyday. I think knowing your part, your role in this process and become more involved with meaurement, with showing that radio does work, that will take you a long way.